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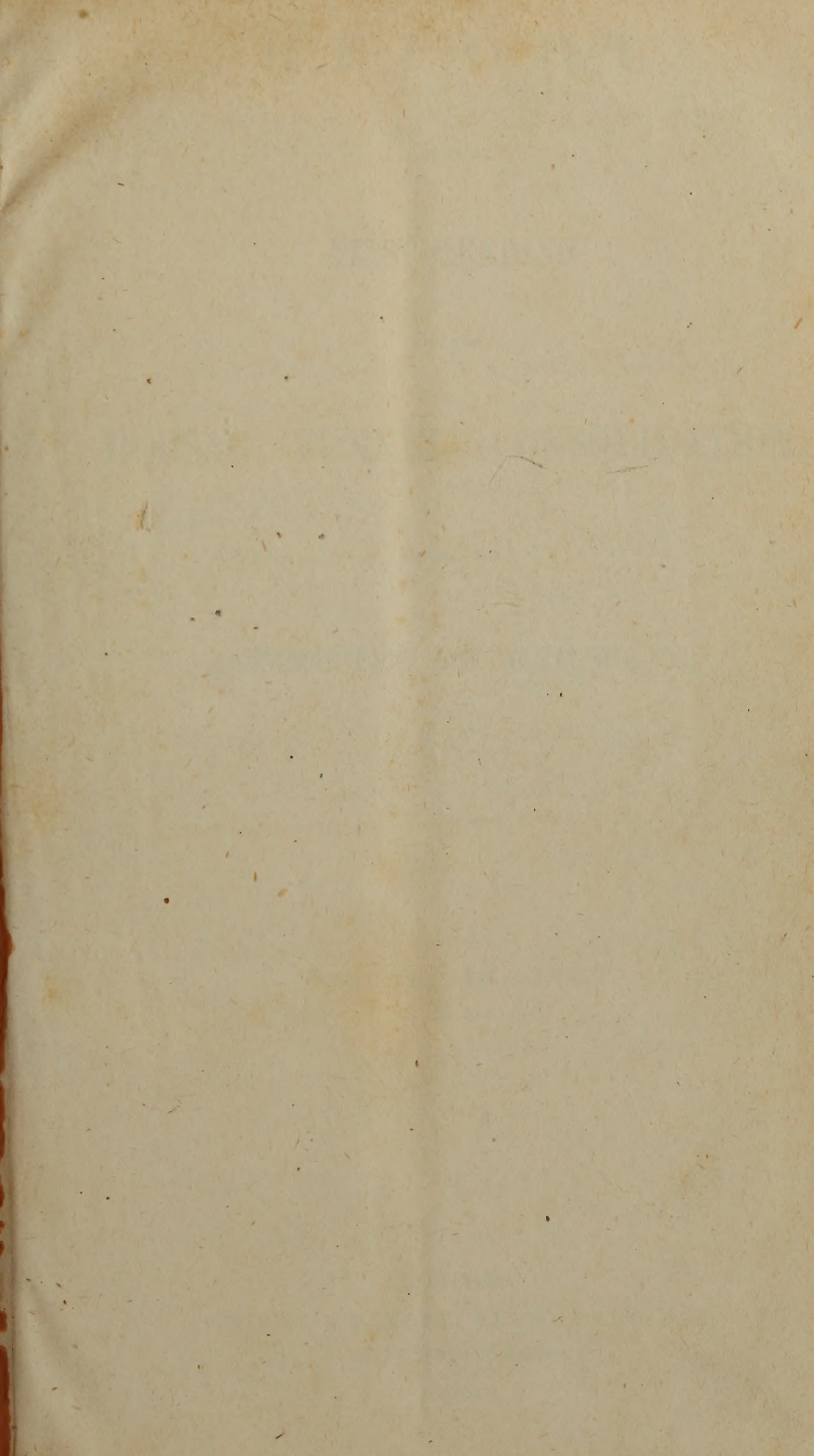
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REPORT

OF THE

FIRST HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

JANUARY 29, 1873.

BOSTON :

WRIGHT & POTTER, STATE PRINTERS,
No. 19 PROVINCE STREET.

1873.

COMMONWEALTH OF MASSACHUSETTS.

HOUSE OF REPRESENTATIVES, January 30, 1873.

Ordered, That the report of each daily hearing before the Committee on Railways, upon matters relating to the consolidation of railroad lines leading from Boston to the Hoosac Tunnel, be printed for the use of the legislature under the direction of said committee.

Sent up for concurrence.

CHAS. H. TAYLOR, *Clerk*.

IN SENATE, Jan. 31, 1873.

Concurred.

S. N. GIFFORD, *Clerk*.

R E P O R T .

The hearing before the Railway Committee, in regard to the consolidation of the Hoosac Tunnel lines of railroads, was commenced on Wednesday morning, Jan. 29th, 1873, on the petition of the Vermont and Massachusetts Railroad Company for a bill to consolidate the Fitchburg, Vermont and Massachusetts, Troy and Greenfield and Troy and Boston Railroad Companies into one corporation to be called the Hoosac Tunnel Railroad Company.

George O. Shattuck, Esq., appeared for the Massachusetts Central Railroad, Hon. A. W. Rice for the Boston, Barre and Gardner, Mr. Mills for the Williamstown and Hancock Railroad, John B. Goodrich for the Fitchburg Railroad, Samuel W. Bates, Esq., and Judge Thomas for the Vermont and Massachusetts road, and ex-Attorney-General Charles Allen for the Troy and Boston road. The hearing was held in the Green Room, and there were a large number of prominent railroad men present.

In opening the case for the petitioners Judge Thomas said he represented what had been supposed to be from the beginning the established policy of the Commonwealth in the construction of the Tunnel road, and that was the opening of a new, distinct and independent railway to the West. The only new question which occurred to him was the consolidation of these roads, and this had perhaps been settled by the railroad experience of the last few years. There were two questions that came up in settling the matter; first, whether, in view of the property which the Commonwealth has in the Tunnel and in the roads connecting with it, this measure were a wise one, in view of a wise and prudential use of the property; and secondly, whether it is a wise use of the property with reference to the larger interests which the people of the

Commonwealth have in this enterprise. He wished to suggest that this question be heard as one question, and if any one had an interest which was opposed to this movement that it should be heard now; that all parties who are opposed to the general policy of the consolidation of this line should now be heard, whether it be the Boston and Lowell, the Fitchburg or the Commonwealth, that the petitioners may have an opportunity to reply to all objections that may be made. The Chairman said the Committee had decided to give the usual hearing upon such matters, and of course in this case they would have the privilege of the closing argument. Mr. Bates said they did not propose to put in any witnesses unless they were needed, but would like to have the case left open that they might have an opportunity to put in rebuttal testimony if it were needed.

THE OPENING ARGUMENT.

Mr. Allen, counsel for the Troy and Boston road, said if it were agreeable he would make a little opening statement in support of the petition of the Vermont and Massachusetts Company, for the consolidation of the roads from Boston to Troy. Heretofore and for many years it had been the custom of those who had felt an interest in the establishment of a new through line to the West, to appear before the legislative committees of Massachusetts, for the purpose of persuading the legislature and the public that the Tunnel was worth building; and for that purpose, for year after year, with great variety of detail and with a persistency well known of all men in Massachusetts, they had laid before the legislature and its committees, statistics going to show the advantages that would come from the establishment of this road, and showing the distance that would be saved between here and the West, and the differences in grade between this road and others running from the West to the East. To-day that argument is settled. The Tunnel is now virtually an established fact; unless every reasonable prediction fails, the early autumn will witness the complete penetration of the mountain, and next year will see the line between Boston and Troy in full operation.

The question which arises now, to demand the attention of Massachusetts, is what shall be done with the line which is so

soon to be finished? The present situation of affairs is that the line which is to be opened to Troy, within the next eighteen months, from Boston, is owned by four distinct companies, viz.: the Fitchburg, Vermont and Massachusetts, Troy and Greenfield, which embraces the Hoosac Tunnel and is the property of the Commonwealth, and the Troy and Boston, running from the western line of the State to Troy, a distance of 35 miles. These four leading interests now control the management of this great line of roads. What is to be done?

It has always been the case, since the first idea was entertained of creating the Troy and Greenfield road, which includes the Hoosac Tunnel, that the line of road between Boston and Troy should ultimately be managed and operated as one line. He did not say that it was the original contemplation that they should be consolidated into one corporation, because perhaps the details of the methods on which a uniformity of action should be brought about had not been distinctly arrived at. But it was from the outset, and has been until the present day, the general expectation that this line of railroad should be operated as one, and that there should be the benefit of a harmonious management. This is shown by all the official and public action taken by the Commonwealth and by the roads composing the line. In the first place, the original charter of the Troy and Greenfield road, which was passed in 1848, chapter 307 in section 8, provides that the corporation may contract with the owners of any contiguous roads, or make arrangements for the letting or hiring of any other contiguous roads which compose a part of the railroad line between the cities of Boston and Troy, of which they are a part. So that as early as the first grant of the charter there was an express recognition that it was chartered with a view that it should form a part of the continuous line of railroad between these points, which should be operated in harmonious action.

Then, in the year 1856, the Troy and Boston road took a lease of the Southern Vermont Railroad, which has been published among the documents of the State. That lease provides that the parties to the contract shall use their influence to bring about a proper and equitable consolidation of the Troy

and Boston, Southern Vermont, Troy and Greenfield, Vermont and Massachusetts and Fitchburg roads. This was the first formal pledge of these companies to labor distinctively for the object which is now presented to the people of Massachusetts for their consideration. In redemption of this pledge, the Troy and Boston Railroad have always looked to that end, and is here to-day to lend its influence and surrender its property in order that the road may become a part of such a consolidated line. In the following year, 1857, there was an agreement made and entered into between these four roads, to seek to bring about the consolidation of their various interests. The agreement was dated July 1, and looked to the operation of all the roads as one line, so far as that there shall be a continuous line between Troy and Boston. It also provides that when the said tunnel is done, and the Troy and Greenfield road is finished, connecting with the Vermont and Massachusetts, that they shall maintain permanent joint tariff on passengers and freights, at such fair rates as will best command and control the business of the country which can be attracted.

In 1863, after the report of the Brooks Commission, appointed by Gov. Andrew to look into the management of these roads, an agreement was made that in consideration of the expectation that the Commonwealth would go on and complete the tunnel, these several roads agreed to pay to the Commonwealth, after the time when the tunnel was completed, twenty per cent. of their gross receipts from passengers or freight coming over any part of the Troy and Greenfield road, until the receipts and revenues of the State from their road should amount to six per cent. upon a certain sum—the cost.

Mr. Chisholm.—Was not that an inducement to the State to go on and build the road?

Mr. Allen.—Certainly it was; but Gov. Andrew congratulated the legislature that the committee was fortunate enough to secure it.

With regard to some matters a little more particular. The Troy and Boston road was laid out and constructed with reference to forming a portion of the through line, at no matter what the expense was to be. It is constructed with the fewest possible curves and at the least possible grade; and in doing

so, several important and flourishing villages have been avoided. Whenever the extension of the line is carried out to the West, there will be no changes necessary. There is also another fact connected with the financial management of this road. They have taken a perpetual lease of the Southern Vermont road, for which they pay \$12,000 yearly, which comes to the Commonwealth, and has done so since 1862. Not only that, but at the time before the State undertook the construction of this road, and when it was deemed desirable to obtain the subscription of towns in Western Massachusetts, through which the road would pass, the State authorized them to make subscriptions to the tunnel road and take such guarantees as might be obtained. The Troy and Boston, in no less than five instances, has guaranteed the payment of the interest on their loans of these towns to the Troy and Greenfield. In all, they have become responsible for \$280,000 in this plan, of which \$200,000 has come to the Commonwealth. This is the way in which all these parties stand committed to-day.

But there may be another higher interest than that of these several corporations, and that is the interest of the Commonwealth of Massachusetts as a Commonwealth, and the public or general interest of the people. The interest of the Commonwealth must be looked after and protected. The money it has paid for the Tunnel must be cared for, and that is a direct interest which should be made valuable to the Commonwealth. The question should also be satisfied as to the wisest way to provide for the future development of the public interest. This road, and the Vermont and Massachusetts, adhere to the original idea that the most advantageous thing for the State is the consolidation of all the interests from Boston to Troy into one corporation, providing fairly for the interests of the State, and having the State become a member of the corporation on such terms as would be deemed advantageous and proper. Accordingly, a bill has been drawn, prepared by the Troy and Boston and Vermont and Massachusetts Companies, and accepted by both. The following is the bill:—

AN ACT to provide for the consolidation of the Fitchburg, Vermont and Massachusetts, and Troy and Boston Railroads.

Be it enacted, &c., as follows :

SECT. 1. The Fitchburg Railroad Company, the Vermont and Massachusetts Railroad Company, the Commonwealth of Massachusetts by virtue of its interest in the Troy and Greenfield Railroad and Hoosac Tunnel and Southern Vermont Railroad, and the Troy and Boston Railroad Company, or so many of the said railroads as may vote to do so, in connection with the Commonwealth, are hereby authorized to consolidate their several railroad interests and to form one railroad corporation in the manner following :

The said railroad companies, or any two of them, at meetings duly called to consider the question of consolidation, may, by vote of a majority in interest of the stockholders present and voting at such meetings, at any time within four months from the passage of this act, agree to consolidate and unite the said companies with each other and with the Commonwealth, subject to the provisions of this act, in the manner and upon terms to be fixed by three commissioners to be appointed by the supreme judicial court, unless such manner and terms shall be mutually agreed upon by the said companies and by the governor and council as hereinafter provided ; and the governor and council at any time within five months from the passage of this act may agree to consolidate and unite the said railroad interests of the Commonwealth with the said companies, or with any two of them that may have voted for such consolidation and union, upon the same terms ; and such votes so passed by the governor and council and by said railroad companies, or any two of said railroad companies, shall be effectual to consolidate and unite into one corporation all of the said interests in respect to which such votes shall have been passed, subject however to the provisions of this act.

If within three months from the passing of such vote by the governor and council, the terms of such consolidation shall not have been mutually agreed upon by the companies voting for such consolidation and by the governor and council, then either of said companies or the governor and council may petition the supreme judicial court for the appointment of three commissioners, to fix the terms of such consolidation, subject however to the provisions of this act ; and upon such application and due notice, the court shall appoint such commissioners, the award of whom or a majority of whom, being made to and confirmed by said court, shall be final ; and the court shall enter such orders or decrees as may be found needful to carry such award into effect.

Said consolidated corporation shall have all the powers and privi-

leges, and be subject to all the duties and liabilities set forth in chapter sixty-three of the General Statutes, and in all general laws that now are or may hereafter be in force relating to railroad corporations.

SECT. 2. If the Fitchburg Railroad Company neglects or refuses to pass said vote to unite and consolidate the said companies with each other and with the Commonwealth, as aforesaid, and a consolidated corporation shall be formed by the other companies above named and the Commonwealth, such consolidated corporation is hereby authorized and required to establish, on or near tide-water in or near the city of Boston, before the first day of May, in the year of our Lord eighteen hundred and seventy-seven, a terminal depot for the accommodation of its merchandise and other traffic, with power to take the land necessary therefor; and it is further authorized to extend its railroad from a convenient point at or near the present terminus of the line of the Vermont and Massachusetts Railroad in Fitchburg, by some direct and feasible route, to said terminal depot; and for these purposes shall have all the powers and privileges, and be subject to all the duties, restrictions and liabilities set forth in the sixty-third chapter of the General Statutes, and in all general laws that now are or hereafter may be in force relating to railroad corporations: *provided, however*, that said extension road shall be located within two years from the date of consolidation, and constructed within four years after date of consolidation.

SECT. 3. In place of locating and constructing a new line of railroad from Fitchburg to Boston, as provided in the preceding section, said corporation may within two years purchase the road, property and franchise, or so much of the road and franchise of any railroad company as may be necessary and convenient to form with its own road a first-class continuous line of railroad from Troy to Boston; or said corporation may unite and consolidate its stock with the stock of such company; and any such company may within two years sell a portion of its road and franchise, or the whole of its road, property and franchise to, or unite and consolidate its stock with the stock of said consolidated corporation, upon such terms and conditions as may be agreed upon by a majority in interest of the stockholders of such company present and voting at a meeting duly called for that purpose, and by the directors of said consolidated corporation appointed as hereinafter provided, and approved by the governor and council.

SECT. 4. It shall be the duty of the Commonwealth, at its own expense, to complete the Hoosac Tunnel, and lay a track through the same ready for use, substantially as provided in the contract now existing between the Commonwealth and the Messrs. Shanly;

and also to lay and finish the Troy and Greenfield Railroad west of the Hoosac Tunnel, so that the same shall be fitted for the passage of through trains.

SECT. 5. The amount of the capital stock of the corporation hereby authorized, may be fixed by the companies voting for such consolidation, and by the governor and council, not, however, exceeding twenty-five millions of dollars; and such portion thereof as may be agreed upon may be set apart for the benefit of such consolidated corporation, and sold at auction as now provided by law, in case of an increase of the capital stock of railroad corporations; or bonds to such amount as may be agreed upon by said companies and by the governor and council, may be issued by such consolidated corporation, and convertible into stock of said consolidated corporation, at any time within ten years; and in case of the issue of bonds, the whole amount of capital stock and bonds shall not exceed twenty-five millions of dollars.

SECT. 6. There shall be a board of directors of the said consolidated corporation, who, until after the completion of the Hoosac Tunnel, and the election of directors thereafter, as provided for in section nine, shall be appointed as follows: The governor and council shall appoint four, one of whom shall hold office for one year, one for two years, one for three years, and one for four years; and the times when said terms expire shall be in the month of January; and as often as a vacancy shall occur from expiration of a term of office, or other cause, the same may be filled by the general court.

And the directors of each of the railroad companies which shall have voted for consolidation, shall annually appoint three members of their respective boards of directors to act as directors of the consolidated corporation, during the term for which they have been chosen by said companies, and until their successors are chosen.

SECT. 7. After the appointment of a board of directors of said consolidated corporation, as provided in the preceding section, all alterations in the line of the railroad, and all permanent improvements or additions, except ordinary or necessary repairs or additions, shall be made with the consent and under the direction of said board; and all such alterations, improvements and additions so made shall be deemed to be for the benefit and at the expense of said consolidated corporation; and the cost thereof, with interest, if paid in the first instance by either of said corporations now existing, or by the Commonwealth, shall be chargeable to and assumed by said consolidated corporation, after its full and final organization, as herein provided.

And the determination of said board as to the alterations, improvements and additions which shall be deemed to be for the ben-

efit and at the expense of said consolidated corporation, and as to the cost thereof which shall be chargeable to and assumed by the same, shall be final.

SECT. 8. The consolidation herein provided for shall not affect the running of trains, or the conducting of the business of said several railroad companies until after the completion of the Hoosac Tunnel and track through the same, and of the railroad west of the tunnel, as provided in section four, and until the holding of the first meeting of said consolidated corporation after such completion, and the election of directors as provided in section nine; but until then each of the said several railroad companies shall manage and conduct its own business as at present, keeping up its road and equipment however to such a standard as shall be specified by the terms of consolidation agreed upon, or by the award of the commissioners.

SECT. 9. After the completion of the Hoosac Tunnel and track through the same, and of the railroad from the west end of the tunnel to North Adams, as provided in section four, the board of directors of said consolidated corporation shall call a meeting of said corporation, to be held in the city of Boston, and shall give ten days' notice of the time and place of such meeting by publication in two newspapers in the city of Boston, one in each of the towns of Fitchburg, Greenfield and Adams, and two in the city of Troy, in the state of New York; and at said meeting persons holding stock in either of said railroad companies now existing, which shall have voted for such consolidation, shall be entitled to vote in like manner as they would have been had these railroad companies been separately convened, and shall jointly choose the same number of directors allowed for all of said railroad companies in section six.

SECT. 10. Upon the election of directors as provided in the preceding section, the consolidated corporation shall have, hold and possess, and enjoy all the estate and interest of the Commonwealth in the Troy and Greenfield Railroad and Hoosac Tunnel and Southern Vermont Railroad, and all the property, real or personal, of the Commonwealth held, used or enjoyed in connection therewith; and all the powers, privileges, rights, franchises, property, claims, demands and estates which at the time of such union may be held and enjoyed by either of the said existing railroad companies, which shall have voted for consolidation, and be subject to all the duties, restrictions, obligations, debts and liabilities to which, at the time of the union, either is subject in severalty; and all suits at law or in equity, and all proceedings before any tribunal which may be pending, to which either of said railroad companies shall be a party, may be prosecuted and defended by the corporation hereby authorized in the same name, in like manner and with the same effect as

might have been done had such union not been formed. All claims, contracts, rights and causes of action, of or against either of said railroad companies at law or in equity, may be enforced by suit or action, to be commenced or prosecuted by or against the corporation formed as aforesaid.

And the said existing railroad companies shall continue corporations for the purpose of prosecuting or defending any suit or proceeding at law or in equity, or otherwise, now pending, or which may hereafter be brought by or against either of them out of this Commonwealth.

SECT. 11. Each of the said existing railroad companies which shall have voted for consolidation shall also continue a separate corporation for the purpose of perfecting such union, and of doing all such acts and things as are herein provided for or contemplated to be done by them separately; and after the election of directors, as provided in section nine, shall execute all such transfers, assignments and conveyances as said consolidated corporation may deem necessary or expedient to vest in itself any property, estates, contracts, rights or claims, if any there be, which do not vest in it by virtue or authority of this act.

SECT. 12. In fixing the terms of the consolidation and union authorized by this act, whether the same is done by agreement or by a board of commissioners, the value of the several interests consolidated, and the amount of capital stock which shall be apportioned to represent each of said interests, shall be fixed with reference to the time when the election of directors, as provided for in section nine, can first be had; and if such apportionment of stock cannot otherwise be conveniently and justly made, then a sum in money may be agreed upon or awarded to be paid out of the funds of said consolidated corporation to either of the original parties composing the same (and in such case the same may be distributed among the stockholders of the railroad company or companies receiving the same), or by either of said original parties to said consolidated corporation.

SECT. 13. The corporation formed as aforesaid shall be called the Hoosac Tunnel Railroad Company, and shall have power to take and hold additional lands, necessary for the enlargement of its depot accommodations, or for straightening its line, compensation therefor to be determined by law.

SECT. 14. The time and place of the annual meeting of the consolidated corporation authorized by this act shall be fixed by the by-laws. The number of directors shall not exceed thirteen, of whom four shall be appointed in behalf of the state in the manner provided in section six.

SECT. 15. The said consolidated corporation is also authorized to purchase the railroad property and franchise of the Cheshire Railroad, at any time within two years from the passage of this act, upon terms to be agreed upon by a vote of a majority in interest of the stockholders of said Cheshire Railroad present and voting at a meeting duly called for that purpose, and by the directors of said consolidated corporation, and approved by the governor and council; and, in case of such purchase, to issue stock or bonds in payment therefor, and to increase the capital stock to the amount of such purchase: *provided, however*, that the consent of the legislature of New Hampshire is first obtained to such purchase.

SECT. 16. The Vermont and Massachusetts Railroad Company is authorized to sell and convey that portion of its franchise and railroad from Miller's Falls to Brattleboro', upon terms to be agreed upon by a vote of a majority in interest of the stockholders of said company, present and voting at a meeting duly called for that purpose. And any corporation established under the laws of this Commonwealth is authorized to purchase the same, upon terms to be agreed upon by a similar vote.

SECT. 17. The said consolidated corporation shall not receive from passengers or freight, to and from other connecting railroads, greater rates for passing through the tunnel than in proportion to the extra costs of the tunnel over and above ordinary railroad construction, and in case of any disagreement about such rates, the governor and council shall from time to time fix and revise the same.

SECT. 18. This act shall take effect upon its passage.

A FEW QUESTIONS.

Mr. Codman.—Do you mean that there must be a consolidation.

Mr. Allen.—No, sir; it is assumed that at least two of the roads will agree, and if they do agree they are subject to the decision of the governor and council.

Mr. Fairbanks.—If the Vermont and Massachusetts were to refuse, might not the Troy and Boston and the Fitchburg unite under this bill, and still not be contiguous roads?

Mr. Allen.—That would probably be taken care of by the governor and council. If there is any objection to that point, there is no objection to a change.

Mr. Barker.—In the 5th section there is a provision that \$5,000,000 of the capital stock shall be set aside for the benefit of the new corporation.

Mr. Allen.—It means that we shall probably need it for additional equipment and other necessary expenses that will attend the operation of a through line. With regard to this proposition of directors, it is not to be taken as a show of the relative value of the State's property in this contract, but simply to give the fact that we want to treat the State liberally

Mr. Barker.—Is it intended to give the sinking fund of the State to that company?

Mr. Allen.—No sir. I should not think the section would carry the sinking fund.

Mr. Fairbanks.—How are the rates of fare to be regulated over this line. It will cost over a million a mile?

Mr. Allen.—I suppose that will be allowed for in the regular tariff or fixed by the Commonwealth.

Mr. Chisholm.—What is the necessity of this section about the Cheshire?

Mr. Allen.—I don't know that it is necessary. It is a matter connected with the Vermont and Massachusetts, and I will leave it for them to explain.

REMARKS OF MR. BATES.

Mr. Bates, the associate counsel for the Vermont and Massachusetts Railroad, said: Before railroads were known as the best means of transportation of passengers and freight the importance of connecting Hudson River with the Atlantic Ocean was recognized, and there were surveys made for a canal which should meet this need. Three routes, and only three, were found that were considered practical, and there have never been but these three found practical for railroads. One of these is substantially occupied by the Boston, Hartford and Erie by way of Hartford and Fishkill, N. Y.; the second is occupied by the Boston and Albany, running through Massachusetts to Albany, N. Y.; and the third is the one which is represented in this bill, going through Hoosac Mountain and connecting at Troy. Before anything definite was done, Stevenson's locomotive proved successful beyond the expectations of every one but himself, and railroads were made to take the place of water transportation.

But these routes had been surveyed, and the question came up as to which of these routes should be used. It was thought that the one that went through Connecticut would benefit Connecticut more than it would Massachusetts, and it would take too long to tunnel the mountain. It resulted in the building of the Boston and Albany road, and it was built almost entirely by the State. For though it turns out that the State is not as large a stockholder as other parties, still it will be found that not a shovel went into the ground until the state aid was first secured; and the State was really the party that built the road. But after that was started the other routes were not given up and a start was made towards Hartford and Fishkill. In the same manner the Fitchburg started the other way towards Hoosac Tunnel, and these roads have from time to time been carried along with the idea of carrying out the original plan of a through road to the West. Since then, through the energy and enterprise and money almost entirely of Boston men, another road has been established, little of it in Massachusetts, and that is the road that goes to Ogdensburg. Now the Tunnel is nearly completed and the State has substantially aided all these three enterprises—the Tunnel road to the amount of about \$12,-000,000—and it has all been done with the idea of a through line to the West for the benefit of the State of Massachusetts and to make the State hold its own in comparison with the other States in the Union. Now, it has always been the idea that these four roads should always be kept separate, and no idea was ever brought out to do anything differently till within a year. We want them to be competing roads, for if they were put under one management where would be the advantage of competition? Nothing could be done cheaper than before. We ask, therefore, that this be made an independent through line.

A map was then produced showing the position of the road, and the possible relation of the Cheshire to the Vermont and Massachusetts. The simplifications which were to be made at several places were pointed out, and the distances given. By this road, the distance from Boston to Troy will be 190 miles; but as the line will be changed somewhat, to extend to Saratoga and Oswego, to Johnsonville, which is compara-

tively on a line with Troy, the distance will be 174 miles. The distance from Boston to Albany is 201 miles. Mr. Bates said he did not suppose it would be necessary to make any argument in favor of consolidation. The consolidation of the Boston and Albany had been of such benefit he thought it would warrant another experiment. The consolidation of two competing roads was of course out of the question.

The hearing was then adjourned till Thursday morning at half-past ten, when Mr. Bates would be ready to introduce evidence.

R E P O R T

OF THE

SECOND HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

JANUARY 30, 1873.

BOSTON :

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

SECOND HEARING.

At the commencement of the second hearing, Mr. Bates, counsel for the Vermont and Massachusetts road exhibited a map, showing the various routes from Boston to New York and the West.

Mr. Allen, counsel for the Troy and Boston road presented the following list of special Acts, relating to the affairs of the several roads in question:—

List of Private Acts and Public Documents, referred to, with reference to consolidation of railroads from Boston and Troy.

1. *St.* 1848, c. 307. Charter of Troy and Greenfield Railroad, section 8, provides for contracting with other railroads for running conjointly, or for letting this railroad to the owners of any other “which composes a part of the railroad line between the cities of Boston and Troy, of which the railroad hereby authorized shall be a part.”
2. *St.* 1852, c. 297. Authorizing union between Troy and Greenfield Railroad and Southern Vermont Railroad.
3. *St.* 1854, c. 226. The first Hoosac Tunnel Loan Act.
4. *St.* 1855, c. 294. Authorizes towns in Franklin and Berkshire Counties to subscribe to stock of Troy and Greenfield Railroad.
5. *St.* 1859, c. 117. Tunnel Loan Act modified. Sect. 1 (page 881 of blue book) contains further recognition that it is to be used with the other lines as a through line, &c.
6. *St.* 1860, c. 202. Tunnel Loan Act further modified. Sect. 8 requires Troy and Greenfield Railroad to purchase Southern Vermont Railroad, and transfer it to the Commonwealth [subject to the lease in perpetuity to the Troy and Boston Railroad].
7. *St.* 1862, c. 156. “For more speedy completion of Troy and Greenfield Railroad and Hoosac Tunnel.” Providing for appointment of commissioners, &c.

[It was under this Act that the commissioners—J. W. Brooks, S. M. Felton and Alex. Holmes—were appointed.]

Sect. 4 authorizes the commissioners to lease the road east of the mountain to the Vermont and Massachusetts Railroad, or the Fitchburg Railroad, or the Troy and Boston Railroad.

8. *St. 1863, c. 214. Sect. 1.* Authorizes commissioners to make such alterations in line of Troy and Greenfield Railroad, "as may be deemed necessary to render it suitable and proper for part of a through line from Troy to Boston."

Sect. 6. Confirms and ratifies the contract of February, 1863, by the Troy and Boston, the Vermont and Massachusetts, and the Fitchburg Railroads. [The twenty per cent. contract.]

9. *St. 1870, c. 254, § 4.* Referring to the lease by the Commonwealth of that part of the Troy and Greenfield Railroad east of the mountain, to the Vermont and Massachusetts, and the Fitchburg Railroads, provides for an allowance to those railroads for repairing injuries caused by the great freshet of October, 1869.

Sect. 4. Authorizes the Fitchburg, Vermont and Massachusetts, and Troy, and Boston Railroads, to make contracts to facilitate the transit of passengers and freight, "over their line of railroads between Boston and Troy."

Governor's Messages.

1863. Annual Address of Governor Andrew, (page 606 blue book,) referring to appointment of Commissioners under *St. 1862, c. 156.*

Message of 1863, March 12, (blue book, pages 639—645,) sending in report of Commissioners.

1865. Governor's Annual Address, (page 716 of blue book.)

Lease of Southern Vermont Railroad to Troy and Boston, and other documents relating to Southern Vermont Railroad, are in Senate Documents, 1862, No. 157, page 5 and following.

Senate Documents of 1863, No. 93, pages 11 and 13, contain correspondence between J. W. Brooks and Fitchburg and Vermont, and Massachusetts Railroads, as to lease of the portion of Troy and Greenfield Railroad east of the mountain. The joint proposal of Fitchburg Railroad and Vermont and Massachusetts Railroad, dated March 11, 1863, on page 13.

Daniel S. Richardson, Esq., President of the Vermont and Massachusetts road, was examined by Mr. Bates, and gave the following testimony:—

I have been president of this road since February, 1864. I understand that this bill is intended to ask for a consolida-

tion of the lines of railroad from Troy to Boston, including what is well-known as the tunnel line, giving permission to any two of the roads to unite, provided the State will approve of the union, and put in the Tunnel. Now our directors approve of this bill, and I understand the Troy and Boston directors do the same. I do not understand that the Fitchburg road has ever signified any intention to oppose it, but, on the other hand, at meetings with them they were always willing that we should present such a bill as we think our interest will require. So the provision in the bill is, that in case they refuse to come in, the two roads, which now appear to be friendly to this project, and by whose stockholders it would probably be adopted, might have some provision to get to Boston without them.

The Vermont and Massachusetts road has been one of more expense to private individuals than the great state enterprise—the Tunnel—has been to the State. The road was chartered twenty-four or five years ago, and the capital, between \$3,000,000 and \$4,000,000, was put in by individuals, of course charging the ownership down to this time; and the return paid to the stockholders I think has not exceeded in any dividend over two dollars, and in all, for twenty-five or six years has paid but thirteen and a half per cent. Whereas this capital, furnished by different people, has remained there and furnished local accommodations to capitalists on a long stretch of territory in this State, and the loss has accumulated, so that if that money had been put to any other purpose, it would have cost a sum perhaps considerable larger than the cost of the Tunnel. So that really, when talking of the Tunnel, the interest of the investments of private individuals is to be added to its cost. Our road is now looked upon only at its worth. Individual enterprise has done a great deal to get this line; perhaps we began too early, but if so the people have had the benefit of it. The road has been increased largely in local value. Since 1862, I think the gross earning have gone up from \$220,000 to \$500,000. Of course all that the managers could do with this road was to keep it as useful as they could to the public, without expecting large returns until this contemplated line could be completed. Of course for some considerable time back it has

become evident to everybody having any interest in the line that some steps must be taken, and our directors, representing a large capital of \$2,800,000, besides the amount of debt put into the construction of the road, have had the subject very often under consideration. All of this capital stock was not paid in at the time of the subscription, but we have transferred from the income account to make up for the deductions that were made to the holders of some of our last stock, so that our stock is fully paid in. We have had this under consideration for a long time, and we saw no other course than to ask for the consolidation of the whole line, because historically, and in every view ever taken of this line up to the present time, it has been considered as the proper disposition to make of it.

I don't propose to go through with the history of this Tunnel, but there are a few facts which I think I may cite,—most of you may know them, possibly some may not,—which are leading facts, or have been the turning point at times when the question seemed to be taking its course for failure or success. When the enterprise was first started there was of course immense opposition. Business was very much smaller, and means were very much smaller, and people of the best information differed largely in judgment as to the expediency of attempting another line through Massachusetts to the West. The Western Railroad,—of which I never take occasion to speak, except to say that Massachusetts owes her prosperity to it,—the people believed that if this line were laid out it would be the ruin of the Western Railroad, and they remonstrated against it as destructive to their interest, and therefore destructive to the interest of Massachusetts. That was in 1853, at the time the Troy and Greenfield was getting aid from the State. In 1862 the turning point of this tunnel project occurred. During and from that year, in my judgment, almost everything dates that is of importance to this investigation. In this year and previous to that time it became evident to the executive that, as the Tunnel was progressing, the State was not getting what they expected, and a stop was put to the work. The whole of the investigation in 1862 was held in the Senate. I don't know why, but the Senate was selected for all investigations at that

time. The work upon the Tunnel was suspended. Till April 22d, on every day, or every few days, that subject was discussed by very able men on both sides, and they were very equally divided on the question as to the possibilities of building the Tunnel; and secondly, the propriety of building it if it should be found possible, and as to the usefulness of the line and the importance of another line for Boston. Of course upon that discussion every one felt that the project was to perish or succeed. As a result of all the discussions, which were very able, and many of them were printed and have probably been read by many of you, bills were introduced, but I don't know that until the 21st or 22d of April any question was passed upon by the Senate, indicative of how they might vote. It was a conservative time, and as the war was upon us the great feeling was that self-preservation was the main thing to look after. On the 22d of April, after everybody had given all the information that could be given, substantially, the question ended in this manner. The friends of the Tunnel had one bill and the opponents had an amendment. After everybody was satisfied with the information and arguments, and had had the amplest time for making up their minds with deliberate judgment, the question was put upon the adoption of the enemies' bill instead of upon the general bill, and I think there were eighteen votes for the opposition and seventeen for the friends of the Tunnel. Well, of course that produced an amendment which very much varied all the hopes and the expectations of the friends of the tunnel, who felt that if it was to be carried out it was to be carried out by its opponents. Now I say that at that time more was done for securing more accurate information upon the subject, and for putting it upon its right basis than ever before. A committee was appointed and all matters referred to it, and another bill was reported, substantially what seemed wisest to everybody, that the Commonwealth, so largely interested, should appoint its own commissioners who should investigate the whole subject and report at a subsequent legislature, and everybody understood that if they said it was a paying thing, and would be needed, it would go on. That new bill was introduced,—and it was all done in a day,—an amendment was

brought with it and rejected, and when that bill was passed it was passed by a vote of thirty senators, every one voting for it. So then everything that has been done since then has been done upon the deliberate judgment of the executive and legislative authority of the Commonwealth.

Our road went on from that time, assisting as we could in the enterprise, understanding when that report was made by Mr. Brooks that it was in favor of the completion of the Tunnel, and stocks have been taken in accordance therewith. The gentlemen upon the commission were Messrs. Brooks, Felton and Holmes. I consider this report made by them, with the accompanying documents, one of the most instructive and valuable compendiums of information upon this subject that can be found in any shape or form anywhere, every word of which was produced by the Commonwealth's commissioners, and received the sanction of the executive, and was printed by order of the Commonwealth. It is numbered Senate Document 93 of 1863. A large number of copies were printed, and it soon became almost impossible to obtain them. Our directors looked upon it that they were trustees of the Vermont and Massachusetts road and were bound to express some opinion as to what should be done. They looked upon it that the four roads were in the same position with the Commonwealth. We have kept our road, and made it sufficient for local business. The Commonwealth must equip its road for local business if it operate it itself. Now, to illustrate the ground we take here, I can read you half a dozen short sentences which will embody all the leading propositions which have brought us to support this bill; the main question being that we have regarded from the beginning, and now regard, that this is the tunnel line of railroad, which would comprise the Fitchburg, Vermont and Massachusetts, Troy and Greenfield, Troy and Boston, and any other roads on the line.

After this investigation of the affairs of the Tunnel, and the commissioners had sent to Europe and made up their minds that this could be done and that it ought to be done for the interest of the Commonwealth, they sent for our road,—I think I had been director two days,—and I was put upon the committee, so that I was present at the interview, knowing

but very little of the history of the road at that time. The committee said they had resolved to report in favor of the Tunnel, provided the three roads on the line would assume the responsibility to substantially guarantee the State against loss. This contract, which you find here and which has been read, was the result of the interview. The contract is found on page 88 of this report, in the Senate document. That contract was then completed, and the chairman said the committee would not report in favor of the Tunnel,—it was so essential for the benefit of the line,—unless in some form or other these roads should join with them in the line and were willing to express it in manner more than in breath.

Mr. Bates.—I understand you to say the commissioners would not report in favor of the building of the Tunnel by the Commonwealth?

Mr. Richardson.—I understood the committee to say that they could not report recommending the Tunnel be built by the Commonwealth, unless the lines which were going to be benefited were willing to insure the State against reasonable loss. The State would lend its credit, but in the end the loan would have to be made up to it in some way or another.

On page 5 of the governor's address of March 12th, 1863, he says: "The legislature will be gratified to notice that we have secured an agreement in writing from the Fitchburg, Vermont and Massachusetts, and Troy and Boston Railroad Companies, for contributions from each of these companies to the Commonwealth, in the consideration that they should go on and construct the Tunnel." On page 6 he says: "This negotiation was intended to enable the State to determine whether it would be wise to complete at once the railroad between the eastern terminus of the Tunnel and the town of Greenfield, and the proposal of the Fitchburg, and the Vermont and Massachusetts Railroad Companies, added yesterday, is a material encouragement." So this was the last thing that the commission did to finish up the facts upon which they made their report. In one of the documents an allusion is made to the offer of the Vermont and Massachusetts and the Fitchburg to lease the road. On page 10, Mr. J. W. Brooks, as chairman, addresses the governor, and says: "I hand you enclosed a copy of a letter from the presidents of the Fitch-

burg, and Vermont and Massachustetts roads, dated on the 5th inst., giving their reply concerning the lease of that road." On page 12 he says: "A good price will show faith in the line of a practical character, and help the success of the whole thing very much. In respect to that, on page 10 he says: "The free use of the road and the concession of rights over it by the State will probably save a greater sum than the difference between the interest and the free rent of the road." On page 13 he is free to accept it. On page 21 is the contract which was put in by the attorney-general, in which there is a contract made with the Troy and Boston, and Troy and Greenfield Railroads in which it is agreed that they shall use their influence to bring about an equitable and proper consolidation of the Troy and Boston, Troy and Greenfield, Vermont and Massachusetts and Fitchburg Railroads. On page 63 the commissioners say that if a suitable lease can be effected with them the line between Greenfield and the Tunnel should be so completed as to bring it into use without delay, and the development of the local traffic will be of material use in completing the Tunnel. On page 66 the commissioners say: "If the line be completed immediately, from Greenfield to the Tunnel, the business of this valley will be developed and will have grown to considerable importance by the time the Tunnel is completed." Page 88 contains a copy of the contract of the Troy and Boston, Vermont and Massachusetts, and Fitchburg roads to pay twenty per cent. on all receipts from passengers and freight passing over this road. On page 99,—I will read from the governor's message, because it gives it over his own signature,—he expresses his assent to any and all the expressions which the commissioners reported, and also his convictions as to the important relations which the line will develop between Massachusetts and the West, as well as those which would arise between the different parts of the State.

Upon that report steps have been taken, with more or less embarrassment, but which upon the concession of everybody are soon to open the Tunnel and open this line. Every word and every legislative document that has ever appeared speaks of it as the "Tunnel Line," which was to make a new route from Boston to the West, and it has been regarded in no other light by any road that has taken any part to help it,

whatever other roads may have done to injure it. Now what could we do? We went on and made a lease of the road because the governor and the committee recommended it to develop the local business, as well as to aid in the construction. We expected to lose and have run it at a loss of \$130,000 or \$140,000. We have expended at the Tunnel,—which the Commonwealth did not do,—in getting buildings for our men, some \$17,000, part of which may after a time come back to us. It has all this time been recognized as a part of the line, and that we were under obligations both west and east of the mountain, to further it by showing solid faith in the line. When it became necessary for us to say what we would do, the question impressed itself upon our mind, What is the Commonwealth to do? How are we going to manage this? If we should go and spend \$2,000,000 now for the line, it would be called very wasteful. The better way is for us to ask for a joint action; to ask an expression of opinion of the legislature, and ask it in what form? We do not desire; we do not express the opinion that this is the best plan. From the light we have, it seems to us the best and the only plan now, because it is historically the policy which it has been all the time conceded would be carried out. Now you see, when the contract was made by Mr. Brooks, he expected the three roads to be assessed to such a percentage on their business, so that the State, having little local business, would have it made up by the other roads. This contract contemplated each road operating its own road, and the State was to go on and operate, and charge us a toll of 20 per cent. We were to operate our own roads, and were to have four separate corporations. At that time that was the light of the day. Railroad knowledge and experience have greatly advanced since that period. The very successful union in New York has settled in men's minds, that you cannot have a line of two hundred miles operated by four different sets of officers, and do the business to advantage. So we supposed the Commonwealth would keep up with the times and not propose to have four roads, and for that reason we said we will ask the Commonwealth to consolidate. We are bound to do it, because we have the expression of the policy of the Commonwealth made four years after this contract was made, so

applicable to a case like this, that no person could distinguish it from it, that they will compel any line of railroads going between Hudson River and Boston, to be operated in one line.

In 1867, I think, the Western road,—I don't know who made the trouble,—came to this legislature and asked for leave to build a new road from Worcester to Boston, unless the Worcester Railroad should come into a consolidation with them. They even said that two so flourishing roads as the Western and the Worcester, should not exist separately to do business between the Hudson River and Boston. They made the declaration, not only that that road might come to Boston, but that they should come to Boston; and if the Boston and Worcester would not unite and give the Western Railroad the facilities that they had, that the Western Railroad should procure terminal facilities in Boston, and so give an entirely independent line. Upon this decision we have the line which has been wonderfully successful, and which has contributed largely to the prosperity of Massachusetts and of Boston. We had that light when we came down to ask what should be done. Then another question came: What shall we do? Shall we keep our road? The Commonwealth have done nothing. Should we come to the legislature and ask for money enough to accommodate any reasonable expense that we might incur? We have the power to issue \$1,500,000 bonds with the exception of \$200,000, which we have issued to build the Turner's Falls Branch, and we have no doubt that we could issue the remainder easily and at once. In the light of all these facts, we thought we had no other way than to ask the Commonwealth to apply to this line the judgment which they had applied to the line so similarly situated. So we came to the conclusion that we would ask for this consolidating bill. I have stated that we have had interviews with the Fitchburg on this subject, and they had no objection that we should make application for the consolidation. Now I take it that our directors, representing a capital of nearly \$3,000,000 besides the debt, which represents capital, are bound by every reason of good faith to keep that road for the line; that if we should have an offer to-day for our road; if parties who wanted railroad power would give us ever so much profit for it, it would be such a bad principle that none of our board could

ever sell it. It is in the line and for the line, and we are to use it as such. I hold that the Commonwealth, having built this road under guarantees that we will secure them, we could not dispose of our road upon any terms. We saw no other way out of it, so we ask that this line may be constructed as a through line. The bill is not only permissive, but it provides that the whole of it shall be under the control of the governor and council. If two of the roads agree and the governor and council should not, it could not be carried out; nothing can be done without their sanction. Our directors saw that in the light in which they reviewed this subject, they were doubly responsible for their trust, and have thought that this was the best position they could put the line into. They never had any information up to this day that any other arrangement would be better than this; that there should be one head competent to manage the line like the Boston and Albany, which has been a very successful line, and on the same principle that the State should have their directors.

If the Fitchburg should not see fit to come in, and the other two roads and the Commonwealth come in, we should have an embarrassment; but that was the precise way in which the legislature put the Boston and Albany. The Fitchburg could furnish us with great facilities. I believe that road has immense capacities, and it will not be long before the Commonwealth will require them. It has perhaps been managed with too much conservatism and caution. But if they do not go on, what next? Do what the legislature told the Western Railroad to do, build a line to Boston, or hire one? How will you do it? There are various ways. But you do not amount to anything. Our directors have considered that, because we do not want the bill unless it gives us power. We could join with the Clinton road, and come down a certain distance, and then build to Boston. We could join with the Lowell road. Then there might be a route from Fitchburg, by way of Lowell, that would not be a great deal further, or a road might be pushed up to Fitchburg, and we could join with them. Best of all, the legislature would compel some of these roads, if we got to Fitchburg, to give us facilities. We should have the Tunnel paid for, worth \$4,000,000 or \$5,000,000, and the Vermont and Massachusetts road put in

at its value of from \$3,000,000 to \$5,000,000, the Troy and Boston, worth \$4,000,000, and the corporation from Troy to Fitchburg put in at its value, making in all a capital of \$10,000,000 or \$12,000,000; that is to say, we should have, out of 174 miles of road from Troy to Boston, all but 50 miles ready to do business, and not owing a dollar in the world. From the Lowell, the Clinton, or the Fitchburg, or from numerous capitalists that will help us when we tell them we have got a through line to the Hudson River. from one or the other of these sources we can have a road to Boston.

I have stated to you briefly some of the views taken by our directors in numerous discussions upon this matter in the light that they saw the matter, and now they cannot see their line of duty in any other direction than to ask you to adopt the policy adopted by the former legislature, which has worked so successfully, and authorize the consolidation of these lines, so that we may have one competent head managing the whole line as a through line, as one competent head should do.

Mr. Bates.—Whether or not your company consider it important that the legislation should be made this year?

Mr. Richardson.—We thought it should have been made last year. I went to the committee on the Tunnel, and discussed how we could get it brought up. It was satisfactory to some of the members that a bill should be introduced in the Senate for an investigation, and I got one introduced. It was brought up late in the session, and parties expressed a desire to be heard, but it was thought there was time enough to leave it to this general court. In order that there might be no more delay than possible, we put in a petition early in the session. Various questions have come up on the line. It is easy enough to make expenditures, and you have got to lay out a large sum of money here and there; but I do not think that many of them are anything but reasonable. When I went into that road it was doing a business of \$216,000. Now we are doing half a million, and without much more outlay than for our present equipment we could do much more. I think we could operate it by forming a second track on part of our line, and we should make improvements in many places.

Perhaps I should say that the reason for asking to put the

Cheshire road into this bill is, that they run from Ashburnham to Boston over this tunnel line, sixty miles, whereas I believe that the road is not but fifty-six or fifty-eight miles long ; so that really they are involved in the success of this line to the extent of more than half of all they operate. They are contemplating various improvements at the present time, one of which is to get out of the curve at Ashburnham by going either side of the mountain ; but of course all such questions will not come in here.

Mr. Chisholm.—How much farther is it from Fitchburg to Boston by one of these proposed routes than another ?

Mr. Richardson.—I do not know that the Fitchburg might furnish us with a road from Clinton. It has never been investigated, because it has been hoped that we would not be obliged to make any indirect connections.

Mr. Bates.—This Tunnel will soon be completed any way, and you ought to decide definitely what changes ought to be made in your road.

Mr. Richardson.—It is certain there must be equipment, cars, rolling stock, and it is certain that to some extent there must be a second track.

Mr. Bates.—Will you also explain the views of your company in regard to connecting roads ?

Mr. Richardson.—I had always hoped that the Commonwealth would never make a toll-gate of this line. I had hoped it would be as free as every line of road was, so that no one dealing with Boston from the West would have to keep a ledger-account of the tolls of the State of Massachusetts, but that every road should have the benefit of it.

Mr. Bates.—Whether or not you would prefer that the various roads that may have an interest in this line,—such as the Boston, Barre and Gardner, the Massachusetts Central, Lee and New Haven, or the New Haven and Northampton,—whether you would like to have these parties consult together as to such a provision as they would like and put it into this bill ?

Mr. Richardson.—I think that satisfies me that they get their rights. Personally I should not ask to have that bill passed so that any railroad should discriminate to the injury of freight or passengers from any other road or from the

United States. That is the view of our board. If there is any fault in the language the committee may change it.

Mr. Bates.—If I understand you in relation to the loss made on this road, you have been running it in connection with the Fitchburg, so that the loss has been some \$100,000; now if this line is broken up and changes are made so that others are introduced, so that this is entirely destroyed, whether or not you would think you would have an equitable claim upon the State for this amount of money you have lost?

Mr. Richardson.—The State has always dealt very fairly with us. The great deluge destroyed the road so that it was not operated for many months, and the Commonwealth charged us fifteen per cent. and took the balance of the loss themselves. It was, of course, a great interference with our business. I don't think our directors have any plans that are unreasonable.

Mr. Goodrich.—The Fitchburg Company have borne their share of the expense of operating this road.

Mr. Richardson.—Yes, sir, always; we are greatly indebted to this line.

Mr. Goodrich.—I suppose the prosperity of the Vermont and Massachusetts, and the Troy and Greenfield, depends upon successful business through the Tunnel?

Mr. Richardson.—I don't think it does. I am perfectly certain that if the Tunnel is not completed that they will soon be paying roads. Up to this date we have made clean earnings, under a careful management, of nearly four per cent. Within ten years we have more than doubled our business. Turner's Falls is going to give this road a very large amount of business, and almost every town upon the line is giving an increase of freight and passengers.

Mr. Goodrich.—But the Vermont and Massachusetts, and the Troy and Greenfield have very much to gain and comparatively little to lose in the matter?

Mr. Richardson.—I suppose the public would be the great gainer. I suppose that if the Fitchburg comes in their business will be doubled, but their dividends will not be doubled from the present eight per cent., but the whole public will get the benefit of it.

Mr. Goodrich.—I see that the second and third sections of

your bill seems to require that the Vermont and Massachusetts, and the other roads, shall unite with each other, and in case of consolidation without the Fitchburg, may extend their road to Boston and provide terminal facilities here, or purchase or hire some road, or portion of it. Would you agree with me that the bill renders it substantially compulsory upon the Fitchburg to consolidate?

Mr. Richardson.—No, sir; if they have a mind to sit still and not take any interest in the line, they can do it.

Mr. Goodrich.—But the result would be disastrous to them, would it not?

Mr. Richardson.—I think it would injure them.

Mr. Goodrich.—I suppose the profit of the Hoosac Tunnel line is largely conjectural?

Mr. Richardson.—I don't think so.

Mr. Goodrich.—Have you any estimate made as to the immediate trade and profit?

Mr. Richardson.—No, sir; I have not.

Mr. Goodrich.—In negotiations which we have had with the Fitchburg that would naturally come in as an element, would it not, in considering the question of consolidation?

Mr. Richardson.—I don't know what the agreement should be. The bill contemplates that there shall be three experienced men decide upon the matter.

Mr. Goodrich.—In the case of the Western and Boston and Worcester railroads their business was thoroughly developed and the submission to the terms of consolidation could not substantially injure or effect the stockholders of either corporation, could it? It would leave the stockholders of each road well protected, and the property of the stockholders would not be substantially depreciated.

Mr. Richardson.—I don't think the legislature has any right to depreciate their stock.

Mr. Goodrich.—In this case, here is a road that is not finished, and the amount of business is certainly to some extent conjectural.

Mr. Richardson.—It is not very uncertain.

Mr. Goodrich.—In this present condition of things do you think three men of the supreme court could determine with

any exactness or approximate certainty the terms upon which the Fitchburg should enter this consolidation?

Mr. Richardson.—Yes, sir: I think I can pick out one man with whom I would trust the whole. The Fitchburg road pays eight per cent., and is one of the best roads in Massachusetts, and they may be satisfied with this return and may not wish to double their transportation and decrease their dividend, but the outside public will say, If you can double your business you are helping us. It is a vast subject.

Mr. Goodrich.—I notice, too, that all the interest of the Commonwealth which amounts to many millions shall be entirely submitted, by this bill, to three persons appointed by the supreme court, and all parties are bound by the award of the three commissioners.

Mr. Richardson.—Unless the governor and council saw fit to make objections which, of course, they would do if they were not satisfied.

Mr. Goodrich.—If you should consolidate the Troy and Greenfield, Troy and Boston, Vermont, Central and the Fitchburg roads, within what time should you think dividends would be paid upon the consolidated capital?

Mr. Richardson.—That would be the merest guess-work in the world. It would depend upon the character of the man at the head, whether he would put more or less money into it or what course he would take. It is a complex question that no one can answer.

Mr. Goodrich.—These are questions which the commissioners would have to determine, and if they are so complex for you would they not be more so for them?

Mr. Richardson.—Their decision is based upon the value of the roads alone. They can easily find what they are worth with reckoning \$80 per ton for rails, 2,400 or 2,500 sleepers per mile, &c., and you will have the material value.

Mr. Goodrich.—You have never yet found the Fitchburg averse to consolidation, provided terms could be agreed upon?

Mr. Richardson.—I have supposed that they thought it would not pay if they went in.

Mr. Goodrich.—Did they ask you for any assurance in regard to any dividends?

Mr. Richardson.—They have offered to go in if we would

meet them equally in their mind. If I understand it they wish to go in as preferred stock. It may seem hard to them to go without a dividend for one or two years.

Mr. Goodrich.—Their capital is \$4,000,000 ; is it unreasonable of them, I suggest, that if the consolidated line would guarantee them their per cent. on \$4,000,000 of stock they would go in?

Mr. Richardson.—I think it was. I think the Commonwealth would have to come in with \$12,000,000, and I think if they went in they should go in at their value.

Mr. Goodrich.—It certainly would not be for their benefit unless it would continue their dividends.

Mr. Richardson.—There is something besides money.

Mr. Goodrich.—You would not suppose that this was absolutely a necessary avenue for the transaction of the tunnel business?

Mr. Richardson.—No, sir : it could be done by contract, I suppose.

Mr. Goodrich.—If this matter of consolidation of the Fitchburg was postponed for two or three years until the business had become a little developed and answered your expectations entirely, you would then be able to make better terms with the Fitchburg, and it would be better for the other roads, would it not?

Mr. Richardson.—I think there are inherent difficulties in waiting.

Mr. Goodrich.—Would you think that such an uncertain settlement as this ought to be submitted to three commissioners until after the Fitchburg had declined some reasonable terms?

Mr. Richardson.—Our directors declined to have the Fitchburg go in as preferred stock. In a corporation of \$20,000,000 it would seem as if they had better not ask that a certain dividend be paid for two years.

Mr. Goodrich.—In other words, your road preferred to submit the matter in this shape,—to have the whole matter left to commissioners rather than to attempt any actual negotiations as to make any proposition?

Mr. Richardson.—It seemed difficult to preserve their part

of the corporation in its original state, and we could not see the way clear to make the sacrifice to them.

Mr. Goodrich.—I wish before the hearing is closed, Mr. Richardson, if you have the data to do it, that you will submit to the committee an estimate of the probable business of the Tunnel for the next ten years, with regard to the probable amount of dividends upon the consolidated capital, so as to show whether it is at all reasonable that for the next year or dozen years, the consolidation which you propose to make would receive any dividends.

Mr. Richardson.—After the commissioners of 1863 have made their decision, I think 1873 has added fifty per cent. to their arguments.

Mr. Shattuck.—As I understand your proposition the absolute property and control of the Tunnel is given into the hands of the new corporation.

Mr. Richardson.—It would stand precisely as the Boston and Albany road stands.

Mr. Shattuck.—Do you know what the comparative distance from the Tunnel to Boston is, and your line and the proposed line of the Massachusetts Central, or as it is now constructed?

Mr. Richardson.—No sir, I do not. I do not know whether the distance is greater or less.

Mr. Shattuck. This section seventeen does not subject you to any greater liabilities to other corporations than you are now subjected to under the general laws of the Commonwealth, in regard to another connecting road?

Mr. Richardson.—That is a question of law, I suppose.

Mr. Shattuck.—But, on the contrary, you are allowed to charge greater rates for passing through the Tunnel than in proportion to the extra cost of the road; so that you might make prohibitory rates for any road.

Mr. Richardson.—I think, on the contrary, that if a barrel of flour was coming from Troy to Boston on our road and it was switched off to another road, we should not say that because the flour passed through the Tunnel, we should have one dollar of the one dollar and fifty that was paid for it.

Mr. Shattuck.—Now assuming that the distance from the Tunnel to Boston over the Massachusetts Central is as short,

having reference to curves and grades, as your line, do you think it would be fair for the State to give the whole control of it to the Fitchburg?

Mr. Richardson.—I think it would be fair, under the consideration that it is their duty.

Mr. Shattuck.—Then you think the purpose of the Commonwealth was to give all the right in that Tunnel to the Vermont and Massachusetts, and that connecting lines should make such arrangements as they might be able to?

Mr. Richardson.—The other roads were not born then.

Mr. Shattuck.—They are born now and are being built, and the legislature recognizes the fact. Now after the State has spent \$ 13,000,000 or \$ 14,000,000 in building this Tunnel, do you think it proper for the State to give it to a single corporation, when there are other roads that come through and supply other parts of the State, which then must of necessity make contracts with you?

Mr. Richardson.—I think the Commonwealth has plighted its faith that we shall operate the tunnel line from Boston to Troy, and that she is bound to put it into the best form for operation for the public; and I think with this clause reserving to her the appellate power the public are secure.

Mr. Shattuck.—You say the Commonwealth has plighted its faith. As to the Troy and Greenfield,—let me call your attention to a contract signed February 23, 1863, by which the Vermont and Massachusetts and Fitchburg roads agreed to pay twenty per cent. of the gross earnings, on all passengers and freight that came over the Troy and Greenfield road. Your position as I understand it is, that before the Tunnel is done, you disregard that contract and come here to ask the State to relieve you, and give the whole property to this corporation.

Mr. Richardson.—It is not so. The Commonwealth has said that the four roads could not be worked separately, and we only ask that the policy of the Commonwealth may be carried out.

Mr. Bates.—You don't ask that this contract that you have made should be annulled?

Mr. Richardson.—No, sir.

Mr. Shattuck.—You made this contract in 1863, and now

because the State has adopted the policy of consolidation, and because Governor Andrew hinted that in four or five years your contract would close itself, you ask to be relieved and have all the property in your corporation.

Mr. Ricardson.—Not at all.

Mr. Shattuck.—I so understand it.

Mr. Richardson.—We want the Tunnel put in at its value with all the rest, and in this way we shall get at the real value of it.

Mr. Shattuck.—Can you tell me why the dozen or twenty towns along the line of the Massachusetts Central road, that will look to the West for their provisions, and who have contributed as much as any towns their proportion of the the cost of constructing this Tunnel, should not have the same rights in it with the towns along the line of the Vermont and Massachusetts and Fitchburg roads?

Mr. Richardson.—I have said over and over again I do not want the Tunnel operated so as to discriminate between any railroads so far as freight and passengers are concerned.

Mr. Shattuck.—So far as you are concerned it is all right: but we are looking now at the fact that railroads in the long run claim all the rights the law gives them. I ask you if in your judgment there is any reason why these towns on that road, which, so far as Boston is concerned, furnishes as short a line as any other, should not have the same rights in the Tunnel as your line has?

Mr. Richardson.—I don't think there can be two governing powers to one road. Somebody has got to have it; and it should be so operated that every one shall receive the benefit of it.

Mr. Shattuck.—In the case of the Albany Bridge—Does not this Tunnel resemble it, from the fact that there never can be any business on the line of the Tunnel, and from the fact that its cost is exceptional? Is it not like a bridge over a navigable river and not like an ordinary railroad?

Mr. Richardson.—There never will be any business in the Tunnel, or for a few miles each side of it.

Mr. Shattuck.—Could it not therefore be managed as a bridge would be managed rather than as a local railroad?

Mr. Richardson.—I think not.

Mr. Shattuck.—What reason have you to give us why we should not manage the Tunnel as they manage bridges where several roads have combined to build an expensive one?

Mr. Richardson.—Well, our turnpikes and toll-bridges have been swept away and this Commonwealth has declared its policy against every barrier to free inter-communication among the people.

Mr. Shattuck.—I agree with you fully, and that is why I oppose your project, for then the Tunnel would be a toll-bridge too.

Mr. Shattuck.—Will you state to me any reason why this should not be managed just as a railroad bridge is managed where there is no local traffic?

Mr. Richardson.—I don't know of any such bridge.

Mr. Shattuck.—Will you give me a reason why the roads could not have a right to use this road, all paying an equal toll?

Mr. Richardson.—I think that would destroy the efficiency of the line that made it. My other objection is that it was constructed as a party line.

Mr. Shattuck.—Have you any other reasons?

Mr. Richardson.—I presume I don't know half that might be given. If you don't have some single management to it you will not have any more benefit than you did from the Albany and Worcester roads.

Mr. Shattuck.—The Albany bridge is used by the Vermont Central, the Massachusetts Central and also by the Western road. Have you ever heard of any difficulty about its management?

Mr. Richardson.—I have not the least information of it whatever.

Mr. Shattuck.—Let me ask you if when you speak of equality you mean to give the Vermont and Massachusetts line the whole control of the Tunnel and let other roads on either side come in on equal terms?

Mr. Richardson.—I should say that as we paid from \$6,000,000 to \$12,000,000 for that line of road it would be hardly fair that they should have the use of those four miles at the same rate as the other portion of the road.

Mr. Shattuck.—Of course the toll would be a little higher than over a common road.

Mr. Shattuck.—In such an instance as this ought not the Tunnel, in your judgment to be under the management of disinterested parties, if it is practical to have it, and yet do business equally well.

Mr. Richardson.—I think it is enough for me to say that I answer by the wisdom of the Commonwealth.

Judge Thomas.—As to the construction of section 17, I had no part in drawing the bill, but it seems to me that it is capable of the construction that the new corporation to be formed might, for passing through the Tunnel, charge roads in proportion to the original cost; that is not our intention. It is that they should be charged in proportion to the cost of the Tunnel to the cost of the consolidated corporation.

Mr. Bates.—Of course this section is one of the most embarrassing that could be drawn. What I understand the consolidated line to mean is, that they shall have no advantage over any other corporation, except that they are to be the managing power; that they shall give equal and equitable terms to all roads, and they have asked the other connecting companies to be kind enough to draw a section with which they will be satisfied. We expect no advantage except that of the management, and of course that must be given to some one.

The Chairman.—I think the natural construction of the section would be that they might charge on the original cost of the Tunnel.

Judge Thomas.—We expect that it will be modified by the committee.

Mr. Shattuck.—I think then, Mr. Chairman, that we may agree. The difficulty that my friend suggests in forming such a bill as this, we regard as insurmountable. We say that no arrangement can be made by which one or two competing lines shall have the absolute property and control of a Tunnel like this, can even answer the purpose. And therefore we say,—and I understand the language which my friend uses is broad enough to cover it,—we say that some arrangement should be made by which, without impairing the usefulness of the Tunnel in any degree, its control should be held

by disinterested parties ; either by the Commonwealth, or, as in the case of the Albany Bridge, by an entirely independent corporation, in which perhaps this corporation may be stockholders. In that way we can secure to every part of the Commonwealth an equal right to use the Tunnel, and secure the advantages which every part of the Commonwealth has contributed to secure.

Judge Thomas.—I think if you were to insert after the words "extra cost" the words "to the consolidated company" you would express the idea we intend to convey. We do not propose to buy this at one price and charge at another.

Mr. Shattuck.—I have not quite opened my case, and therefore I may perhaps be misunderstood. The New York Central is a consolidated road from its western terminus to New York, and it passes a bridge across the Albany River, which they do not own ; yet it has never interfered with their business ; and if the legislature see fit to consolidate these roads, the Tunnel can be kept just as independent as that bridge.

Mr. Goodrich.—I believe the proposition for the consolidation of the Boston and Lowell and the Fitchburg, was originally your proposition : was it not, Mr. Richardson ?

Mr. Richardson.—I guess there were others that thought of it as well as I. I have always seen the very great benefit that a line would get from a consolidation from Troy to Boston. I consider that we hardly appreciate or anticipate what the business of the Lowell road has been, or what the Fitchburg is capable of doing. The Mystic River improvements of the Boston and Lowell have been done quietly, but I think they are of immense benefit to Boston, and when these roads get through they will be still more valuable.

MR. ROBINSON'S STATEMENT.

Mr. Daniel Robinson of the Troy and Boston Railroad made the following statement :—

The subject of a railroad from Boston to Troy was, in the year 1847 brought to my notice, when I received letters from Colonel Crocker, stating that the Fitchburg and the Vermont and Massachusetts Railroads had appropriated \$1,000 each to

procure a survey from Troy to Boston, and asking that the citizens of Troy should join in another \$1,000. Mr. Crocker had had an informal meeting at our city, in which he urged the necessity of encouraging Massachusetts in the idea that she would be met in the enterprise of a new road to the West, and myself and another gentleman were appointed a committee to procure subscriptions; and we raised \$2,000. A committee from each road was appointed,—my idea is that Mr. Foster was president of the Fitchburg, and Mr. Crocker was the committee from the Vermont and Massachusetts, associated with other gentlemen. I was made chairman of the committee, and Mr. William F. Edwards was engaged as an engineer, to find the best route to Boston, irrespective of local interest. Within eight or nine months he gave us a map for which I think we paid him something like \$8,000. Afterwards, the Fitchburg Railroad paid in a sum to us which was called their proportion, and the Vermont and Massachusetts paid their portion, and we had surplus enough to make up the balance from what was collected from the citizens. In the year 1848, Mr. Foster urged upon us the importance of taking immediate steps to procure subscriptions to build the railroad through that portion of our State which would connect it with the Massachusetts line. The citizens met, and we appointed committees and went to the legislature and procured a charter. During 1848 we had a general law passed, which reserved to the legislature the right of eminent domain, and our charter was made subject to this general law. Under that we organized. In the year 1849, Mr. Crocker spent nearly the whole summer urging upon them the importance of the project, and obtained subscriptions until we had nearly \$500,000 subscribed. In 1850, we let out our road, and in March, 1852, we had so much completed, that we commenced to operate twenty-seven miles. We then received frequent letters from parties interested in the Fitchburg and the Vermont and Massachusetts roads, and we were waited upon by a committee from the Troy and Greenfield road, urging upon us the importance of finishing the building of the other seven miles. We felt as though we had given an earnest of our good intention, and therefore we said to this committee, until the Tunnel should be prosecuted far enough

to give encouragement for capital to be invested in the line, we thought they ought not to exact it of us.

We then had a period of some three years more, when Mr. Haupt came here and obtained the contract to build the Tunnel. Before that, he came to us, thinking he might then ask if would lease that portion of the road which was necessary, from the end of our road to North Adams, until the completion of the Tunnel, if he would build the seven miles necessary to form the connection. We assented, as a board, to do it. In the year 1856 we entered into an obligation, which has been presented here, by which we agreed to take the Southern Vermont at \$17,000 yearly, and \$8,000 for the Troy and Greenfield until the Tunnel was completed. We then went to work, and in 1859 there was an entire railroad from Troy to North Adams. We operated it as we had agreed to. During 1856, and a short time after this contract, we had a meeting with the Fitchburg, Vermont and Massachusetts, and Troy and Greenfield roads, entering into another contract, which has been alluded to here as forming one agreement between the four roads leading to the West. This agreement has the seal of the Fitchburg, the Troy and Greenfield, and the Vermont and Massachusetts, and is signed by the officers. It was dated July 1st, 1857, and was read by Mr. Allen. One provision of that agreement provides that said parties of the first part,—that is, the Troy and Greenfield,—hereby promise and agree with all the other parties, jointly and severally, that all merchandise, freight or passengers transported from the parties of the first part, shall pass over the roads of all the other parties until the completion of the Tunnel, and for a term of ten years subsequently thereafter, so far as they can influence the same. That agreement bore the seal of each company. In the other agreement it was said that "we will use all our influence to consolidate all the lines from Troy to Boston."

During all these interviews the subject of consolidation was made the important and prominent subject, and, after the contract, the subject was directly talked of by ourselves, and no opposition was made to it until within three years. It seemed that the reduction of prices and the facilities given to the public had made it necessary for small corpora-

tions on a long or prominent line to become consolidated, and the result was, that in all our interviews with these other gentlemen, we had no other idea and no other thought except that of consolidation. When we made the contract with Mr. Brooks, three years after we commenced the operation of the Southern Vermont and the Troy and Greenfield roads, we were introduced by Mr. Brooks to the gentlemen, one of whom was Mr. Swift, acting president of the Fitchburg road, and we were induced to make a visit here by the earnest solicitation of the Fitchburg, which assured us that the whole scheme would fail if we did not subscribe to this contract of twenty per cent.

To my surprise, when we commenced this subject of consolidation in earnest, seeing that this Tunnel was done, we find our friends of the Fitchburg opposed to consolidation on the ground that it cannot pay.

Now we, gentlemen, at the other end, certainly have as great reason for opposing consolidation as the Fitchburg road. We are the trunk end into New York, and the Fitchburg is the trunk end into Boston. If any one will examine our two roads, and compare ages, I have not any doubt we should compare very favorably with them. We have a railroad that has run nineteen years. We commenced with twenty-seven miles, and have earned during that time \$7,200,000, and we have paid for running expenses \$3,700,000, leaving \$3,400,000 for net profit. We have not made dividends. We did not let our road run down, and skin it for the purpose of making dividends. We felt that we were to have a road fit to receive the business of the Tunnel, and every move that our road made was made in view of having a first-class road with first-class facilities, and up to two years ago we had made no dividends. We have a grade of 39.4, and we have no difficulty in running to North Adams in one hour and twenty minutes.

In 1870 there was a law passed by the legislature, granting the privilege to these three roads to make any agreement they wished in view of the condition of the Tunnel for the completion of the road, etc. In September of that year the executive officer of our road waited upon the executive officers of the other two roads. Mr. Swift had drawn up a contract

which we at least respected enough to examine. But we have left him with the former resolution,—that no more contracts were necessary, and had the fixed purpose not to sign any more contracts. We felt that these contracts with the Southern Vermont and the Troy and Greenfield, if they had any force in them, would be all that was necessary to carry the business from Boston to Troy. But in that contract, whether done intentionally or not, I do not know, but I found that the Troy and Boston and the Vermont and Massachusetts roads were excluded from ever purchasing any part of the line of any railroad, or even to make any negotiations with any road, but the Fitchburg had no such provision attached to it. We returned it to Mr. Swift, and told him of it, and he said it was unintentional. During that interview we insinuated to them that the Tunnel could be purchased; that there was a feeling in Massachusetts that money was being thrown away; that there was a lack of confidence in it, and if the parties who had signed that contract which had passed the legislature would come forward and pay a reasonable price, we thought it could be purchased. These gentlemen declined, and said they had not confidence to do it. We therefore returned home.

On a subsequent day in the month of December these gentlemen called upon me and Mr. Vale, president of the road, and said they had no intention of anything but a through-line, but the time for consolidation had not arrived for it to be carried out. We must wait till the road developed itself. Our answer was, that the line could never develop itself till there was consolidation. We had lost the control of our business in the western part of Vermont, and, therefore, we had nothing but the temporary business of our own section. I recollect the remarks of Mr. Brigham, that this was going to be consolidated, and that I need not give myself any anxiety about it; but the time had not come. It was going to be called the Troy and Boston Railroad. I thought, of course, he meant to flatter me a little, and that he meant for me to feel that they were very kind to us, and they would eventually form a consolidated line. But at this time, he said, I must not lisp the word consolidation, as the stockholders would not listen to it. I told him I must talk

it, and I did talk it, and have not yet ceased to do so. We had a little meeting, and it was agreed that we would come before the legislature and ask for a bill, and Mr. Allen was appointed as our attorney to draw up a bill. Mr. Richardson agreed that he would have a bill drawn, and I am quite sure that Mr. Stearns told me that he would have a bill prepared, and we agreed to compare them. I came here at the suggestion of Mr. Allen, who, to my surprise, gave me notice that a bill had been introduced that would allow simply the Fitchburg and the Vermont and Massachusetts to consolidate. We appeared with the committee at the rooms, and they laughingly told us that it was the bill which is now before you, and the same which had been reported in the papers. In September this year, at my urgent solicitation, we had a meeting at the Fitchburg office. I then pressed this subject of consolidation again; and I will state a little instance which is so public that it may need some explanation.

After leaving here in the winter, after Mr. Stearns had told me I must not mention consolidation, I took this step. I urged our own people to come here and with our own strength see if we could purchase the Tunnel. I knew of the law which existed by which the governor and council were authorized to sell it. I presented the subject to the governor and council, and we had three meetings upon the subject. There was no other person on earth or under heaven that knew of the proposition but the four executive members, myself and the officers of the road. When it burst forth that Vanderbilt was here after it there was great commotion. But it was false. Mr. Vanderbilt has no interest and never has asked for any control of our road, and we never had anything to do with him, except the little business we do over his Hudson River road. We said to the governor and council, when we were before them, that we had no desire to control this line; it was consolidation we were after. Here was \$4,000,000 at six per cent. for thirty years, which would have produced \$7,300,000, which ought to be utilized. This September we had the meeting to which I have referred, and Mr. Stearns reported that our road was poor. I told him I thought he didn't know our road, and he agreed to come up and see it, and if I can state his words, he said he found a nice piece of property and

much more business than he expected. He is here to deny it if he wishes to do so. But still there was further delay, and I supposed that the Boston fire, which occurred at that time, was his apology ; but I found afterward it was a Lowell fire. I then telegraphed him that I was coming to see him. He telegraphed that he was not ready to see me. I did come, however. I came here and saw the gentleman, and he used me very kindly ; but still he was not for consolidation. I asked for his directors, and he gave us a meeting, and I said all I could to them. I showed him that the receipts were \$2,400,000. I insisted upon going on with the tunnel project, and showed that it would be a good thing. He could not see it. He had been convinced that there was no business there ; yet he told me at the same time that he had sent four hundred cars over the Boston, Hartford and Erie, because the New York Central could not take them. I insisted that we must have an answer on this question, and there was to be a time appointed for a meeting. Knowing his procrastination I said : " We will meet here on the following Tuesday." On Saturday he sent a despatch that I need not come. On Monday I received a joint despatch from Mr. Stearns and Mr. Richardson that it would be unnecessary to come. But I came, and I asked Mr. Richardson what he meant by his despatch and whether they didn't want us. We soon began to talk and got a little mad ; and got over being mad ; and finally we adopted this bill. This, gentlemen, is our case. Perhaps in the few moments I have been speaking as a witness, I may have turned advocate ; but that may do no harm.

The hearing was then adjourned till Tuesday, February 4th, at 10.30 A. M.

R E P O R T

OF THE

THIRD HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

FEBRUARY 4, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET,

1873.

THIRD HEARING.

Mr. S. M. Bates, associate counsel for the Vermont and Massachusetts Railroad, stated that he wished to introduce certain statements by a competent engineer, Mr. Edward Appleton, who, in an experience of thirty years, had had more or less to do with the different railroads in the Commonwealth.

MR. APPLETON'S STATEMENT.

Mr. Edward Appleton, a civil engineer of thirty years' experience, and who has had more or less to do with all the railroads in the Commonwealth, offered the following tables of statistics and comparative distances:—

The Boston and Albany Railroad in 1872 brought from other States,	1,536,471 tons.
Carried to other States,	243,792 “
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Total,	1,780,263 tons.
Of this was coal, not to be counted as Western business,	260,266 “
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Leaving as probable business between New England and the West,	1,529,997 tons.
Tonnage from Albany to Boston, 556,202	
Tonnage from Boston to Albany, 112,071	
	<hr/>
	668,273 “
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Remainder distributed in the interior,	861,724 tons.

Carried to Boston, 809,339 tons; 68 per cent. Western business.

Taken from Boston, 439,754 tons; 25 per cent Western business.

The average rate of freight to and from other roads is given as $1\frac{54}{100}$ cents per ton per mile. At this low rate, the above business to and from the West paid the Boston and Albany Railroad \$23,561.95 per mile, as far as it was all carried, and it appears by the above figures that nearly one-half of it, 43 per cent., was carried the whole length of the road.

Average weight of freight trains, including locomotive and tender,	423 tons.
Average weight of locomotive and tender,	50 tons,
Average weight of long box-cars 9 tons, average number 17 per train, .	153 “
	————— 203 “

Leaving average tons of freight transported to a train, 220 tons.

The total expenses of operating the road averaged \$1.41 per train mile. Dividing this by 220 tons, we have the cost per ton per mile \$0.0064, leaving \$0.009 as net profit per ton per mile, which on above amount of Western business amounts to \$13,769.98 per mile, as far as it was all carried.

Increase in through tonnage in five years, 197 per cent.

COMPARISON OF GRADES.

As three-quarters of the business to and from the West comes eastwards, the ruling grades of the traffic are those ascending eastwards. On the Albany road, from Albany to Pittsfield, the ruling grade is 45 feet per mile; on the line from Troy to North Adams, $39\frac{6}{10}$. The same engine would probably take 30 tons gross weight more in a train from Troy to North Adams, than it could from Albany to Pittsfield. From Pittsfield to Springfield the ruling grade is $75\frac{1}{2}$ feet per mile; from North Adams to Greenfield 40. Here the same engine which could take the average train on the Albany road (373 tons freight and cars) could take 262 tons more from North Adams to Greenfield. From Springfield to Worcester the ruling grade is 60 feet per mile; from Greenfield to Fitchburg 48. On these corresponding sections, the

same engine can take 90 tons more on the Northern line. For the remaining distance from Worcester or Fitchburg to Boston, there is practically little difference, the grade descending for most of the distance. What little difference there is would be about 15 tons in favor of the Albany line. The difference on the whole line is evidently much in favor of the Northern line. Still, as Mr. Laurie says in his report, this saving of expense arising from lighter grades is probably not more than one-sixth of the gross expenses of working the road.

The saving of distance of 10 miles would reduce the cost of maintenance of way, and would also reduce somewhat the amount of fuel required.

Increase of Business.

Fitchburg Railroad—

1862 to 1867—Freight, $80\frac{95}{100}$ per cent.; Total, $89\frac{71}{100}$ per cent.

1867 to 1872—Freight, $28\frac{31}{100}$ per cent.; Total, $22\frac{59}{100}$ per cent.

In the ten years—Freight, $132\frac{18}{100}$ per cent.; Total, $137\frac{74}{100}$ per cent.

Vermont and Massachusetts Railroad—

1862 to 1867—Freight, $148\frac{41}{100}$ per cent.; Total, $113\frac{56}{100}$ per cent.

1867 to 1872—Freight, $20\frac{37}{100}$ per cent.; Total, $20\frac{75}{100}$ per cent.

In the ten years—Freight, $199\frac{3}{100}$ per cent.; Total, $157\frac{88}{100}$ per cent.

Troy and Boston Railroad—

1861 to 1866—Freight, $134\frac{29}{100}$ per cent.; Total, $136\frac{57}{100}$ per cent.

Fell off about 25 per cent. in next four years.

In nine years, from 1861 to 1870—Freight, $91\frac{24}{100}$ per cent.; Total, $72\frac{97}{100}$ per cent.

New York Central and Hudson River Railroad—

1860 to 1870—Freight increased $157\frac{82}{100}$ per cent.

Erie Railroad—

1860 to 1870—Freight increased $183\frac{80}{100}$ per cent.

Tonnage of Rail and Water Lines through New York for 1871.

Total Canal tonnage,	6,467,866
Erie Railway,	4,844,208
New York Central and Hudson Railroad,	4,532,056
Rome, Watertown and Ogdensburg,	309,906
Ogdensburg and Lake Champlain,	352,280

Total,	16,506,316
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Deduct half for way-business, leaves for through business,	8,253,158
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Half of this for New England,	4,126,579
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Take the same proportion for the canals, New York Central, and Rome, Watertown and Ogdensburg Railroads, we should have business to and from New England, and coming to the Hudson River, 2,827,457 tons, of which the Boston and Albany Railroad took 1,529,997 tons,—about 54 per cent.

It is stated by gentlemen from Oswego, that of the whole freight brought eastward on Lake Ontario, 45 per cent. goes to Montreal, and 40 per cent. to Oswego.

TABLE OF DISTANCES.

	Miles.
Boston to Johnsonville, on Troy and Boston Railroad,	174.40
Deduct saving to be made on Vermont and Massachusetts,	3.01
	<hr/>
	171.39
Johnsonville to Salisbury Centre, where two routes part,	78.77
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	250.16
By Rome to Oswego,—	
Boston to Salisbury Centre,	250.16
Salisbury Centre to North Bay,	51.75
North Bay to Oswego, via Midland Railroad,	46.75
	<hr/>
Boston to Oswego,	348.66
By Boonville to Port Ontario,—	
Boston to Salisbury Centre,	250.16
Salisbury Centre to Boonville,	43.00
Boonville to Port Ontario,	45.00
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Boston to Lake Ontario,	338.16
Port Ontario to Oswego,	19.00
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Boston to Oswego by this line,	357.16
Boston to Albany,	201.65
Albany to Suspension Bridge,	305.5
Suspension Bridge to Detroit,	230.
Detroit to Chicago,	284.
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Boston to Chicago, by Suspension Bridge,	1,021.15
Boston to Albany,	201.65
Albany to Buffalo,	297.
Buffalo via Toledo to Chicago,	539.
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Boston to Chicago by Lake Shore,	1,037.65

	Miles.
Boston to Oswego,	348.5
Oswego to Lewiston,	143.3
Lewiston to St. Catherine's,	9.5
St. Catherine's to Detroit,	219.
Detroit to Chicago,	284.
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Boston to Chicago,	1,004.3

Sixteen miles will be saved on the Michigan Central by the new line between Jackson and Niles, both to the Suspension Bridge and Lewiston lines. Sixteen miles more may be saved to the Lewiston line by extending from St. Catherine's to the new line, from Buffalo to Glencoe. About twelve miles more may be saved by building about fifteen miles from Fulton, on the Midland Railroad, directly west to join the Lake Ontario Shore Railroad, instead of going into Oswego and out again.

WHO OPPOSE THE PETITION.

The Chairman.—Are there any parties here in opposition to this petition?

Mr. E. H. Derby.—I appear for the Fitchburg Railroad Company, and appear against this petition, but not against the general feature of consolidation, but with a view to favoring it upon a more comprehensive scale.

Col. John H. George.—I appear here for the Boston and Lowell Railroad Company, in opposition to this petition, but in favor of another plan which shall better develop the business of the line.

Mr. Mills.—I appear here to represent a road running from the Tunnel to Albany, in opposition to this petition.

Mr. Bates stated that with the exception of the closing statements of Mr. Robinson they had no more evidence to introduce.

Ex-Governor Claflin said he appeared, with Mr. William B. Spooner and Mr. George C. Richardson, for the purpose of stating their views on the general order of consolidation. Inasmuch as the time had been taken up by the presentation of statistics, and as there was a gentleman from New York present who wished to make a statement at that hearing, he would respectfully ask that a special hearing be given to them at some convenient time after the meeting of the Boston

Board of Trade, on Monday next; he understood that the Board of Trade would appear there for the same purpose for which he had come before the committee.

Mr. George O. Shattuck.—I don't appear here to oppose consolidation, or any efficient arrangement for doing through business between the Hudson River and Boston, but do oppose any arrangement which will give the exclusive use of the Tunnel to this line. I appear in behalf of the Massachusetts Central. In the former hearings, when the attention of the committee was called to the seventeenth section, it was said that it was proposed to change it. If a satisfactory change is made we shall not oppose any longer.

Mr. Bates.—We would like the gentlemen connected with the lines joining ours to consult together and see what change they require, and then we will say whether we will accept it.

STATEMENT OF MR. COMSTOCK.

Mr. Calvert Comstock, President of the Boston, Rome and Oswego Railroad Company made the following remarks and the subjoined statements:

Mr. Chairman: Coming as I do from another State I have no right and less inclination to dictate in any way what shall be done with reference to your internal management of the railroads within your State. I appear here not to say anything in relation to the particular shape of the action which this committee may desire to report as between the interests of the several interests of the companies which may be represented here. But I do know that a large portion of the citizens of the State of New York feel a very deep interest in the general subject upon which you are deliberating. In attending the hearings before this committee last week, looking on from outside the State, it seems to me that the people of Massachusetts after long and patient effort in behalf of this great enterprise,—the Hoosac Tunnel,—were about to find the Tunnel completed before they knew what to do with it, and that question seemed to be the burden of your deliberations.

In the hearings which you have had I saw that the question of the amount of business of the consolidated line of road from Boston through this Tunnel would be one of the

greatest importance. And another question was how to reach this business. Upon these two points with the permission of the committee I will endeavor to submit a statement of some statistics in relation to the tonnage of the West, and some views in relation to the communication through our State, which it seems to me are general questions.

In the first place, as to the amount of business. I don't know that it has been suggested here with a great deal of positiveness that there would not be business enough to make the consolidated line through the Tunnel a paying line. Now to us who live beyond the mountain which you are piercing, that is a new idea. We have never doubted on that subject, but have supposed that when that Tunnel was completed there could be no question that the line running through to the great commercial centre of New England would be one of the great trunk railroad lines of this country. As pertinent to that question, and in relation to the amount of tonnage which can be attracted to this road, I desire to lay before you certain tables which I think will be very convincing upon this point:

Statement of the tonnage of the Canals of the State of New York, and of the Railroads running East and West in the same State for the year 1871.

	Tons.
Total tonnage of the New York Canals, . . .	6,467,888
of Erie Railroad,	4,844,208
of N. Y. Central & H. R. R. R., . . .	4,532,056
of Rome, Watertown and Ogdensburg Railroad (branches to Oswego and Cape Vincent, . . .	309,906
of Ogdensburg and Lake Champlain Railroad,	388,837
	<hr/>
Total tons in 1871,	16,542,895

The tonnage reports for 1872 are not yet perfected. The reports of the N. Y. C. and H. R., and of the Erie Railroads, are not yet filed in the State Engineer's office. The canal tonnage is given for 1872 at 6,652,000 tons.

Assuming the railroad tonnage as in 1871, and adding the increase of canal tonnage, gives for 1872 as follows :—

Tonnage of 1871,	16,542,895
Increase of Canals,	182,112
	<hr/>
Total tonnage for 1872,	16,725,007

TABLE showing the Tonnage of the New York Canals and of the New York Central and Erie Railroads for each year from 1853 to 1871, both years, inclusive.

	1853.	1854.	1855.	1856.	1857.	1858.	1859.	1860.	1861.	1862.
New York Canals, . . . tons,	4,247,853	4,165,862	4,022,617	4,116,082	3,344,061	3,665,192	3,781,684	4,650,214	4,507,635	5,598,785
New York Central R. R.,	360,000	549,804	670,073	776,112	838,791	765,407	834,319	1,028,183	1,167,302	1,387,433
Erie Railway, . . .	631,039	743,250	842,048	943,215	978,066	816,954	868,073	1,139,554	1,253,418	1,632,955
	5,238,892	5,458,915	5,534,738	5,835,409	5,160,918	5,247,553	5,485,076	6,817,951	6,928,355	8,619,173

	1863.	1864.	1865.	1866.	1867.	1868.	1869.	1870.	1871.
New York Canals, . . . tons,	5,557,692	4,852,941	4,729,654	5,775,220	5,688,325	6,442,225	5,859,080	6,173,769	6,467,888
New York Central R. R.,	1,449,604	1,557,148	1,275,299	1,602,197	1,667,926	1,846,599	2,281,885	4,122,000	4,532,056
Erie Railway, tons, . .	1,815,096	2,170,798	2,234,350	3,242,792	3,484,546	3,908,243	4,312,209	4,852,505	4,844,208
	8,822,392	8,580,887	8,239,303	10,620,209	10,840,797	12,197,067	12,453,174	15,148,274	15,844,152

From these figures we learn that, although there have been some fluctuations,—occasionally a year falling off from the preceding year, especially in the canal tonnage,—yet comparing 1853 with 1871 there was an increase of the aggregate canal and railroad tonnage of 10,605,260 tons,—equal to over 202 per cent. for the 18 years, and equal to an average increase of about 11 per cent. per annum.

If we compare 1861 with 1871 we find the annual increase for the last 10 years over 12 per cent.

But when we look at the railroad tonnage embraced in the preceding table separately, we see illustrated the tendency of the age in matters of transportation.

The tonnage of the two roads named rose from 991,039 tons in 1853 to 9,376,264 tons in 1871—being an increase of 846 per cent. in the 18 years—equal to an average annual increase of about 45 per cent.

Comparing 1861 with 1871 the increase of tonnage for the last 10 years on the two roads has been about 28 per cent. per annum.

Boston and Albany Railroad. Increase of tonnage since consolidation.

Tonnage in 1868,	. . . . .	1,319,059
in 1869,	. . . . .	1,613,940
in 1870 (10 months),	. . . . .	1,531,149
in 1871,	. . . . .	2,209,332
in 1872,	. . . . .	2,732,907

The above figures show the increase of tonnage since consolidation to have averaged about 1,000 tons a day each year over the immediately preceding year, and that the increase of 1872 over 1871 was almost 1,500 tons a day.

The company's report, just published, states that the tonnage of 1872, compared with that of 1867 (the year before consolidation), shows an increase of 162 per cent. during the five years.

The report states such a surprising increase in the grain trade, and of the increasing commerce of Boston in that line, that I prefer to present the language of the report, as follows:—

“Prior to the date of consolidation no separate account of the grain business to Boston was kept. In comparing, however, the amount of that business in 1868, the first year after consolidation, with

that of last year, we find that while in the former year we carried 794,930 bushels to Boston, in 1872 we brought 6,915,895 bushels, an increase of 6,120,965 bushels, or about 770 per cent. in four years."

Population (according to Census of 1870) of the several towns through which the Boston, Rome and Oswego Railroad will run, starting at Johnsonville, on the Troy and Boston Railroad, and terminating at North Bay, on the New York and Oswego Midland Railroad.

Rensselaer County,—

Pittstown,	population, 4,094	
Schaghticoke,	" 3,126	
	<hr/>	7,220

Saratoga County,—

Stillwater,	population, 3,405	
Malta,	" 1,213	
Ballston,	" 2,180	
Milton,	" 4,946	
Galway,	" 2,174	
	<hr/>	13,918

Fulton County,—

Broadalbin,	population, 2,493	
Mayfield,	" 2,230	
Johnstown,	" 12,273	
Ephratah,	" 2,207	
Caroga,	" 828	
Oppenheim,	" 1,951	
Stratford,	" 1,164	
	<hr/>	23,146

Herkimer County,—

Salisbury,	population, 1,993	
Fairfield,	" 1,653	
Norway,	" 1,117	
Russia,	" 2,220	
	<hr/>	6,983

Oneida County,—

Deerfield,	" 2,049	
Trenton,	" 3,156	
Floyd,	" 1,209	
Rome,	" 11,000	
Vienna,	" 3,182	
	<hr/>	20,596

Total,		<hr/>	71,863
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Brought forward, 71,863

Add towns on line of Midland Railroad from North Bay to Oswego.

Oswego County,—

Constantia,	population, 3,445	
West Munroe,	“ 1,306	
Hastings,	“ 3,061	
Schroeppe!,	“ 3,978	
Valney,	“ 6,566	
Scriba,	“ 3,065	
Oswego City,	“ 20,938	
	<hr/>	42,359
		<hr/>
		114,222

COMPARATIVE DISTANCES.

Starting at Johnsonville on the Troy and Boston Road, the distance to Rome and Oswego, via Troy and the New York Central, or via Boston, Rome and Oswego Railroad, compare as follows:—

	Miles.	
Johnsonville to Troy,	17	
Troy to Rome, via N. Y. C.,	114	
Total,	<hr/>	131
Johnsonville to Rome, via B., R. & O. R. R.,	113	
Saving via R., B. & O. to Rome,	18	
Johnsonville to Rome, via Troy & N. Y. C.,	131	
Rome to Oswego, via N. Y. C. & Syracuse,	74	
Total,	<hr/>	205
Johnsonville to Rome, via B., R. & O.,	113	
Rome to North Bay, “ “	14½	
North Bay to Oswego, via Midland,	47	
Total,	<hr/>	174½
Saving via B., R. & O. to Oswego,		30½

The distances from Boston to Rome and Oswego, via Boston and Albany and New York Central, compare with those via

Hoosac Tunnel and Boston, Rome and Oswego Road, as follows :—

	Miles.
Boston to Albany,	201
Albany to Rome,	109
Total,	— 310
Boston to Johnsonville,	174
Johnsonville to Rome, via B. R. & O.,	113
Total,	— 287
Saving to Rome, via Tunnel and B., R. & O.,	23
Boston to Albany,	201
Albany to Syracuse,	148
Syracuse to Oswego,	35
Total,	— 384
Boston to Rome, via Tunnel as above,	287
Rome to Oswego, via North Bay,	61½
Total,	— 348½
Saving to Oswego, via Tunnel and B., R. & O.,	35½

The foregoing figures show that the saving of distance from Boston to Lake Ontario or the West by the tunnel route is mostly on the Boston, Rome and Oswego line, from Johnsonville, via Rome to North Bay. The saving of the tunnel line via Troy is only five miles over the Boston and Albany line to a common point (Schenectady) on the New York Central.

By the construction of the Rome line Boston is brought almost as near Lake Ontario and the commerce of the West as New York.

	Miles.
Boston to Oswego,	348½
New York to Oswego, via Albany & Syracuse,	326
Difference in favor of New York,	— 22½

And Boston is 200 miles on the way from New York to Europe.

EXTENSION TO NIAGARA RIVER.

The Ontario Lake Shore Railroad from Oswego to the Niagara River, at Lewiston,—connecting across the river by a new bridge with the Canada Great Western Railroad,—is now in process of construction. Fifty-five miles are already finished, and the residue is under contract and will be completed during the present year. The distance from Oswego to Lewiston is 144 miles.

The distance from Boston to the Niagara River, at Suspension Bridge via Boston and Albany, and New York Central roads is—

	Miles.
Boston to Albany,	201
Albany to Suspension Bridge,	304
Total,	505
Distance via Hoosac Tunnel and B., R. and O.	
from Boston to Oswego,	348½
Oswego to Lewiston via Ontario L. S. R. R.	144
	<hr/> 492½
Deduct saving by a cut-off from Fulton to Hannibal,	15
Total,	<hr/> 477½
Saving from Boston to Niagara River in favor of Tunnel and Rome route,	27½

Mr. Joy, President of the Michigan Central Railroad, states that the distance from Lewiston to Chicago is to be shortened down by improvements now in progress and contemplated, to 447 miles. When this is done, Chicago, by the tunnel line, will be brought within 924 miles of Boston.

The present distances,—as given by the railroad guide-books,—are by the Michigan Central 1,018 miles, and by the Lake Shore and Michigan Southern 1,037 miles.

The immediate associations and business interests of the New York Central are with the latter line.

OSWEGO.

Oswego is the principal lake port and harbor on Lake On-

tario. It has ten grain elevators, of an aggregate storage capacity of over two millions of bushels.

Some seventy vessels engaged in the lake trade,—of a tonnage of about 15,000 tons, are owned there. Its grain receipts are about 15,000,000 bushels per annum, and its lumber receipts about 300,000,000 feet per annum.

Saying nothing as to construction of a ship canal around Niagara Falls on the American side,—the enlargement of the Welland Canal, now determined on, will bring a larger class of vessels down into Lake Ontario, and greatly increase the commerce of that lake.

Oswego has a magnificent water power, extending from the city ten miles up the Oswego River. Her flouring mills and those of Fulton, further up the river, have a capacity of manufacturing over 8,000 barrels of flour a day, and she produces more flour per annum than any other place in the country except St. Louis.

FURTHER REMARKS.

Having finished reading his statistics, Mr. Comstock made a few explanations in regard to the detail of their line of road, stating its proposed future connections and intersections, and showed its position with regard to the present tunnel line. In the matter of business he said: It seems to me that the matter of the amount of business could not be unsettled. The facts to which I have called your attention show that instead of there being any doubt about the supply of business for the consolidated tunnel line, it would be continually crowded with traffic which would naturally seek it. I suppose it will do to stand at the western line of your State simply to receive business, but it will be for your benefit to do as business men and other railroads do,—take measures to secure more than will naturally come to you. By this consolidation you will reach into Troy, and, of course, it will be your aim to obtain a line that shall reach directly through New York to the Lakes and the West. I don't know, gentlemen, whether you will be satisfied with my position, but it does seem to us that you should occupy a stronger position in this matter than has yet been here proposed. If you would become masters of the situation and make Boston the great

commercial point which it is destined to become, you should take into your own control the commerce of the West and of Lake Ontario. You may ask, What is all this coming to? I answer, that I appear here not wholly as a disinterested party. Our line of road has been built with the supposition that the State of Massachusetts would not be content with stopping at the Hudson River; but that they would wish to reach towards and through New York by the shortest possible route of railway, and for that reason we have anticipated your action somewhat, and in 1871 organized a company to supply the only missing link which is wanting for the purpose of carrying your road through New York.

After pointing out the route and reviewing the tables presented, Mr. Comstock said: Such is our road as we propose to have it through the State of New York. We believe it is a valuable adjunct,—a valuable supplement to the line which you contemplate to consolidate. The question is, Can it be built? Now, how does that matter stand? We don't claim any more strength than we have, but I want to say that with simply our local aid we shall not be strong enough to build the road. We can furnish part of the money; probably we can raise enough to grade it, and could probably subscribe \$1,500,000 to the stock. After the road is established, probably the local business would support it; but it is not a local road that we want to make. It was for a through line that we made our plans, and in order to complete it as such, we shall need your aid. So far as the State of New York is concerned, all the necessary legislation has been provided in order to enable us to coöperate with you. But in examining the bill here the other day,—I speak now from my own convictions,—it seemed to me that if Massachusetts wants to reach across the State of New York and control the commerce of Lake Ontario and the business of the West, you should put a clause into this bill which will enable this great consolidated line to aid in some way the construction of a line through New York, or to obtain in some way that important connection for the benefit of the State or its commerce. It only needs your action to make the necessary legislation complete.

The hearing was then adjourned till Wednesday morning, February 5th.

R E P O R T

OF THE

FOURTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

FEBRUARY 5, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

FOURTH HEARING.

Mr. Daniel Robinson, vice-president of the Troy and Greenfield Railroad, was recalled, and made the following concluding statement:—

MR. ROBINSON'S CONCLUDING STATEMENT.

Mr. Bates.—With reference to the business that there would be on the line of this road, have you anything further to state? What do you think of its prospects?

Mr. Robinson.—The committee, I presume, are as aware as I am, that any such statement as perhaps I was approaching when giving my testimony here, would be in a great measure conjectural; and yet it forms the foundation for every enterprise that has its inception in the fact that, if a railroad is built, business will come to it. In creating this railroad we take into consideration what we are going to receive. This, of course, is what is of interest in the minds of those upon the line of the road. It has formed a part of the information that we have attempted to gain in giving us security in the investment of our capital. Of course, being at the west end of the line, my idea has been to see what we could secure to come to us. We leave it for our friends to show what would go to them. My relation as a railroad man for the last twenty years, has brought me into contact with the West and with the Western roads. In 1862–64 we formed a line of railroad from the West to Boston, and the business that the Western roads gave us by the New York Central perfectly blocked us, and we have often had 300 cars of the Rutland Company's road that could not be taken over the mountain. My relation with these gentlemen as an agent has been intimate, and my intercourse with them has been frequent, and I have no hes-

itation in saying that, west of Buffalo and Niagara Falls, all would have just as great interest in the opening of this Tunnel, and if you could get at the sentiment of the directors you would find them just as desirous that this road should be done, as we are ourselves. I don't know that I am familiar with any other argument that goes to show that we shall have business. They have said it at home, privately and publicly, and I think they can do it. It is a well-known fact, that there is not a road between here and the Hudson River that is able to do the business in so prompt a manner, and in the manner in which it ought to be done, between here and the West.

Mr. Bates.—I don't know that it is necessary to state any evidence, as to what I suppose everybody knows, that the New York Central road is at this time putting down a double track to accommodate its business, making four tracks in all.

Mr. Robinson.—Their idea is that they shall start a freight train, and allow it to pass right on to tide water without any delay in passing passenger trains.

Mr. Bates.—This is to be done on the whole road from Albany to Buffalo?

Mr. Robinson.—Yes, sir.

Mr. Bates.—How much will that increase the capacity?

Mr. Robinson.—It will make it more than double—considerably more; because the delays of freight for passenger trains is very great.

Col. George.—It will increase it nearly fourfold.

Mr. Robinson.—I do not want to submit the idea that the New York Central is the only road that we have; we have two at the present, and we are to have a third in a very short time. There is one road already through, and there is another being built, and then we have the Lake Shore and Michigan Southern.

Mr. Bates.—This is destined chiefly for freight?

Mr. Robinson.—Entirely for freight.

Mr. Bates.—Are you acquainted with the bridge that is built at Albany, for the accommodation of the other roads?

Mr. Robinson.—I see its operations there continually.

Mr. Bates.—Do you know who it is owned by?

Mr. Robinson.—One-half by the New York Central, one-

quarter by the Hudson River, and a quarter by the Western Railroad. But since the first two were consolidated that gives them a three-quarters interest.

Mr. Bates.—Upon that bridge do cars of the different railroads all pass?

Mr. Robinson.—They do.

Mr. Bates. Whether or not there are any inconveniences attending their passage?

Mr. Robinson.—Yes, sir; but it is slight to what it would be if it were in the middle of a road instead of at the end of it. In coming into Albany from the West there is no delay, but from the Hudson River we have to slow up and see if the way is clear, and sometimes there is a delay. The river is about a thousand feet wide. There is frequently from twelve to twenty-five minutes' delay from the time we come within a three or four minutes' time, before we reach the station. This occurs once in a week or two weeks. There is often an occurrence of a delay of five or ten minutes. The time-tables give the difference between the arrivals of the Central Railroad trains at Albany, as twenty-five minutes to get across the river and leave Greenbush.

In regard to this Tunnel I think no man who was dependent upon two authorities would allow us to go through it upon anything like express time.

Mr. Bates.—Whether in your opinion this bridge could be managed so that if it were run over by locomotives only these delays could be avoided?

Mr. Robinson.—Yes, sir, more or less; but I do not assume to say that any portion, or any piece of road, under any mountain, can be operated so as to give facilities to more than one line. It is an utter impossibility to create a road of a nature that this Tunnel was destined to create, and put two authorities upon it. The Tunnel is five miles long; we have leased a road of the State six miles long. Will anybody say that these roads could be operated by two roads with safety? But there seems to be an impression or idea conveyed, that this Tunnel is a mere passage or gateway. Now our bridge at Albany is only one thousand feet long, and an engineer is in no danger ^{is} coming up—flags can be seen; this cannot be done at the Tunnel. So far as I regard it, with the experi-

ence I have had, it must come under one management, and the branches must be subservient to the main line.

Mr. Bates.—Whether or not there have been accidents upon this bridge?

Mr. Robinson.—I think there have been more accidents upon approaches to that bridge than upon the whole line south of it. Collisions are frequent.

The Chairman.—What are the tolls?

Mr. Robinson.—Twenty-five cents a ton on freight, and ten cents a piece for passengers. It was originally fifty cents, but has now been reduced to twenty-five.

The Chairman.—Do I understand you to say that the present facilities are sufficient to bring the Western trade to Albany?

Mr. Robinson.—No, sir. I said it would be an utter impossibility for the present lines, with only these two tracks, to be run for passengers and freight both, to be operated by more than one management. I think it would take both the tunnel line and Mr. Chapin's line.

The Chairman.—I mean for the Western freight to Albany?

Mr. Robinson.—If the increase is as great as it has been, the time will be short. I mean that when these double tracks and other facilities are added, for a short time they will be able to do the business which presents itself. There are other roads in contemplation; there is also the Erie road, as well as our Northern.

Mr. Bates.—If in your opinion, when this Tunnel is built and if this consolidation is made, whether the advantages which would accrue through that, would be sufficient to cause a line of road represented by Mr. Comstock to be built without any state aid?

Mr. Robinson.—Yes, sir; I think there would be more than that road built throughout the State of New York. I think the large amount of business presented will be an encouragement which will induce them to build more railroads than are built. I might state, however, that we have in the city of Troy the Union Railroad, which is owned by four corporations,—the New York Central, the Western, the Hudson River, and the Rensselaer and Saratoga. They appointed a

superintendent, and adopted other measures, but they were utterly unable to control it. Their engineers would run together, and of course they came before the superintendent, and each would make his complaint, and it was difficult to settle the matter. We found it impossible to control their road in this manner. The result has been that by the vote, wish and request of the Hudson River road, it has been put under the control of the Troy and Boston road, and I am running it now, and every man is under my charge, and the only way we can run it safely is to have by-laws as well as a superintendent, and if a man disobeys one order he comes entirely under the management of the Troy and Boston road, and is treated just as though he were one of our men.

Mr. Bates.—What was the cost of the bridge at Albany?

Mr. Robinson.—Half a million.

Mr. Derby.—There are two bridges, are there not?

Mr. Bates.—I believe they cost between two and three millions.

Mr. Robinson.—There was a great deal of money squandered upon the first bridge, and it cost nearly \$1,000,000. The contract was \$500,000. The second bridge was contracted for at the same price, and did not cost above its contract.

Mr. Derby.—In regard to these bridges, which you speak of, do you know the amount of tonnage which crosses them?

Mr. Robinson.—No, sir.

Mr. Derby.—With reference to your own road; it was surveyed originally by Mr. Edwards? He made a survey also, of the road to Sackett's Harbor, subsequently?

Mr. Robinson.—He published a report with a map at Saratoga.

Mr. Derby.—You stated the other day something about an outlay of \$280,000, made for the encouragement of the Tunnel. Will you explain what the \$200,000 is for?

Mr. Robinson.—We said we had paid the State rents to the amount of \$280,000 upon twelve miles of road. That is the aggregate of rent we have reported for fourteen years.

Mr. Derby.—You have had an income?

Mr. Robinson.—Yes, sir.

Mr. Derby.—Has the income paid the rent?

Mr. Robinson.—I think the first ten years we lost every dollar of it. I think it may have been of slight advantage to us over and above that. If you will compound the interest you will find that we have lost.

Mr. Derby.—We want to know the amount.

Mr. Robinson.—My dear sir, can we get at any other estimate of it? We mean to show that we have been at an expense of \$280,000 which we have given to this enterprise without any return. It was only an accidental remark; it was simply that we had continued our interest in the line and we had a claim upon the Commonwealth of Massachusetts to make this one line.

Mr. Derby.—Now, if you will do me the favor to state with regard to the cost of your road. I notice one item in the cost of \$400,000 for engineering and contingencies. What was this money paid for?

Mr. Robinson.—Everything dips into the engineering and contingencies account. Part of it is the sacrifice on bonds. It is composed of those items not chargeable to equipment, building or station accounts. It is a general expense attending the building of a road. In the construction of the Fitchburg road there is an account of \$650,000 of a similar nature. If you will compare the accounts you will find that they have placed their items to another account which we have placed in "contingencies."

Mr. Derby.—Now, can I ask you with regard to the cost of your road, the capital being increased from \$600,000 to \$1,500,000 within the last five years?

Mr. Robinson.—I shall be very happy to explain that matter. I heard it was currently reported that gentlemen had come here with watered stock. When our stock was taken we took \$500,000, and upon that we have gone on, until we have spent a very large amount of money; our report says something like \$2,300,000. The books of our company were burned up in 1862, so that we were without a vestige of them to refer to. In the purchase of land, in our poverty, a large amount was deeded to me individually. If you look at the cost of our real estate, when we tell you it will sell for \$375,000, it is put down as only \$300,000. That land was deeded to me personally. Of course it was put down that

we have fifteen acres which cost \$400,000, and which was worth \$800,000. My next money that I obtained was on that land. The president of the company, Mr. Vale himself, raised that money and the title of the property passed to the railroad company, except, that I will say that when this stock was issued, they paid me, and we then decided, that instead of putting suddenly into our report to the legislature this large amount of the increased value of the land, we would procure the re-valuation of our property. This would be a statement upon which we could rely. We have commenced re-valuation, and it is going on at the present time.

Another fact in regard to our stock was this: our stockholders were promised seven per cent. There were a large number who claimed that we were just as much required to borrow money and give them seven per cent., as to pay it upon the bonds which we had issued. But the road felt it was not right for them to aggregate this large floating debt and give it to stockholders, upon which they would have to pay ten or twelve per cent. interest, when they could retain this money and have it without any interest at all. The result was, that in 1870-71, that the directors through their committee took up this subject, and by a careful examination of the report made to the legislature, which was the only one they could get, they found an item of \$343,000 that had been paid into the road from earnings belonging to the stockholders. The computation of interest upon these earnings would have aggregated it to more than \$500,000. We then decided that we could give a stock dividend of fifty per cent. to those gentlemen, and announced our willingness to do so. And any gentleman, who wishes or desires the knowledge, can go to the State House, and they will find the same results which I have made here. It was upon that ground we issued this stock; the power to reimburse them for the money which has gone into the road. In addition to this \$343,000, it may be stated, that in the year 1857 there was a theory started among the railroads in our State, that the construction account was the great absorbent of all earnings, and that it ought to be stopped. The fact was, that you could make a road pay dividends while it was constantly going into bankruptcy. From 1858 to 1863 not one dollar is charged to "construc-

tion," and yet there is not a railroad man in this room but know that there is a large amount of money that has to go into construction, or a road cannot properly be brought up to the state of a first-class road. All roads will bear improvements and they belong to construction accounts.

Mr. Derby.—How much money was paid in by your stockholders on this increased stock?

Mr. Robinson.—They paid in the other fifty per cent. They paid in \$500,000 in cash.

Mr. Derby.—You have increased the cost from \$600,000 to \$1,500,000?

Mr. Robinson.—But we have reduced the debt. We had then a floating debt of \$600,000 or \$700,000.

Mr. Derby.—Your debt is still as great as five years ago?

Mr. Robinson.—My dear sir, no.

Mr. Derby.—Your reports to the legislature are correct, are they not?

Mr. Robinson.—They are correctly reported.

Mr. Derby.—What great improvements have you made in the last four years on your road? Have you any new branches?

Mr. Robinson.—No, sir; we have expended no money within four years.

Mr. Derby.—But the aggregate cost of your road has been materially increased during that time?

Mr. Robinson.—No, sir; it has changed its form, but there is an increased cost of \$500,000, which we give to the stockholders. We gave it to them all at once. In order to give an actual stock dividend, they have paid in fifty per cent. cash.

Mr. Derby.—The money was appropriated to extinguish a floating debt of nearly \$500,000?

Mr. Robinson.—That was the understanding.

Mr. Derby.—But the original price paid for the land was not put into the construction of the road?

Mr. Robinson.—On the main line it was, but the terminal territory was never charged to construction. It was not reported as floating debt. That expenditure was kept in the hands of individuals, and was individual property.

Mr. Derby.—Then a part of the earnings of the road were paid for interest upon that money?

Mr. Robinson.—Yes, sir.

Mr. Butterman, for the Massachusetts Central.—Will you state the length of your road?

Mr. Robinson.—Thirty-five miles in this State, and we have a perpetual lease of six miles in the State of Vermont.

Mr. Butterman.—Your capital stock?

Mr. Robinson.—\$1,600,000.

Mr. Butterman.—What bonded debt have you?

Mr. Robinson.—\$1,900,000; we have no floating debt; I think it was last year \$30,000 or \$40,000. This year it is \$50,000 or 60,000; but we have material to extinguish it.

Mr. Butterman.—What were the gross earnings of the road in 1872?

Mr. Robinson.—\$517,000; the year before they were \$550,000.

Mr. Butterman.—What are the running expenses?

Mr. Robinson.—Last year they were \$275,000.

Mr. Butterman.—What are your net earnings?

Mr. Robinson.—\$240,000.

Mr. Butterman.—How much for interest?

Mr. Robinson.—\$133,000 for interest, \$27,000 for leases. We have a little five-mile road connected with Western Vermont, which costs us \$7,400 yearly, but there is only one train a day run over it. We have paid dividends ever since we sold this stock. Since 1870 we have made twenty-one months, dividends, at the rate of four per cent. per annum. We paid three per cent. last January, two per cent. last August, two per cent. this January.

Mr. Butterman.—What is your equipment?

Mr. Robinson.—We have thirteen locomotives, thirteen passenger cars and two hundred and fifty freight cars; the equipment cost us about \$400,000.

Mr. Derby.—Your road stands you \$100,000 per mile?

Mr. Robinson.—That is with our terminal facilities. I will explain further. The cost of our road is, in one sense, without understanding its position, something that is not entirely comprehensible. This Union road, in which we have put \$200,000, is charged to the assets, as the cost of our road, and yet it is not represented to be for anything but a portion of the road. It cost \$800,000. We own one-quarter, and we paid \$200,000. There was a rival road called the Albany

and Vermont, that ran twenty-two miles parallel with us, through which they sapped out of us from \$50,000 to \$60,000 a year. Then there was the Rensselaer and Saratoga road, worth \$150,000. It is there and could be sold for more money than it cost. If we should consider it would become more valuable as a part of this line, we propose to construct a part of the Rensselaer and Saratoga. We can reach Saratoga in this way, in one hundred and ninety-five miles, whereas from Boston to Albany it is two hundred and one miles. We own twenty-three miles already of the real estate; that also enters into the cost of the road, and is with the Union Railroad in the contingencies account.

The Chairman.—What is the whole of your real estate?

Mr. Robinson.—I am unable to give the full account of our real estate. We have by the report fifteen and twenty one-hundredths acres, worth \$700,000; and yet it is reported to have cost \$300,000. In addition to that we have a dock which cost us \$100,000, and that is in the contingencies. But you have not the last report, that will swell the contingencies several hundred thousand dollars.

Mr. Derby.—Will you be kind enough to state if the reports for 1870-71, which give \$400,000 as the value of this land, embrace its original cost?

Mr. Robinson.—No, sir; they do not. It now enters into them.

Mr. Wallace.—Taking your floating debt out, it would leave the cost of your road about \$100,000 a mile?

Mr. Robinson.—I suppose what would properly be called the cost of our road would be in the vicinity of \$65,000 or \$70,000 per mile, with its equipment, and that it would stand as well as any railroad of its length that has a single track.

STATEMENT OF MR. B. F. MILLS.

Mr. B. F. Mills appeared for the Williamstown and Hancock Railroad, and made the following statement:—

The Chairman.—For whom do you appear?

Mr. Mills.—For the Williamstown and Hancock Railroad.

The Chairman.—Is your road built and running?

Mr. Mills.—No, sir. Mr. Chairman and gentlemen, I appear at this hearing in behalf of the Williamstown and Hancock Railroad Company, whose charter, first granted in 1853, and last renewed in 1869, authorizes the construction of a railroad from the west portal of the Hoosac Tunnel, in the town of Adams, through the towns of Adams, Williamstown and Hancock, to the line of the State of New York; thence to be continued through the towns of Stephentown, Sandlake and Bath, in the State of New York, to the Hudson River, opposite the city of Albany, being in length not far from fifty miles, twenty of which are in the State of Massachusetts, and thirty in the State of New York, being the shortest possible feasible route between the west portal of the Hoosac Tunnel and the city of Albany. The companies in each State have been organized; the route thoroughly and fully surveyed, so that we know the cost of the road. But I appear here, Mr. Chairman and gentlemen, to oppose the sale or lease of the Hoosac Tunnel, or any Act of the legislature which shall deprive us of our right of way. For, Mr. Chairman, we do not wish to be *allowed* to go through the Tunnel, but we wish to have a right of way. For I can demonstrate that such a road is desirable for the best interests of the Commonwealth. It has been almost ignored in the discussion of the subject, whether it was desirable that the Tunnel should be connected with the city of Albany. In the early history of the Tunnel enterprise (and I shall now refer to early recollections, when we used to hear our friend, Mr. Derby, analyze so carefully, as he did, the expense of transportation), in the early history of this enterprise Troy was the objective point. She had a bridge; she has one yet,—a single-track bridge. Albany had none. It appeared then, that in the construction of a Tunnel it should aim at Troy; because there the produce of the West could be more economically transferred from the west to the east side of the Hudson. But those circumstances have changed. Albany has now three tracks across the Hudson, and a charter for another bridge, with a double track. Albany is the terminus of the great railroad systems in the eastern part of New York. It is the terminus of the Saratoga and Rensselaer road; of the New York Central road; of the Albany and Susquehanna;

and of the Boston and Albany road. Substantially it is at the head of steamboat navigation on the Hudson.

Mr. Chairman and gentlemen, I am no railroad man practically, so that I cannot go into details to demonstrate to you the great advantage a road would have that should terminate at a point with such terminal facilities. But railroad men understand it. But I will speak of one interest especially, because it is one our State is very much interested in. We know that political economists, discussing the question of manufacturing, say that the prosperity of manufacturing depends upon cheap fuel. If you can have cheap fuel, then you can manufacture. The Albany and Susquehanna road, leading from Albany south-west 142 miles to Binghamton, and there connecting with the richest coal-fields of Pennsylvania, furnishes the great coal road of New England. Mr. Chairman, we know well that the fuel for New England, for at least the western part of Massachusetts, and for the northern part of New England, most of it must come from the coal deposits of Pennsylvania. And the question is how to get it from Pennsylvania to the manufacturers at the cheapest possible rate. For the prosperity of our manufacturing interests depends very largely upon that fact. The Albany and Susquehanna road is leased by the Delaware and Hudson Canal Company, formerly a wide-gauge road, now with three rails; it has its cars loaded at the mines, and its coal is transported, without breaking bulk, to Albany, and from there it is distributed to all parts of New England. In regard to that subject of coal, Mr. Chairman, I have the statement of the president of the road, Mr. J. H. Ramsay, whose name, I presume, is quite familiar to you, that they have a contract now for delivering to the city of Albany, annually, 300,000 tons, at the charge of $1\frac{1}{2}$ cents per ton per mile. This furnishes at Albany the cheapest possible freight charge for coal from these mines.

In regard to the prospect of building the road that I represent, I would say that it has been waiting six years for this time; that is, for the completion or near completion of the Tunnel. And if the Tunnel is left open, and if with other roads our charges are to be the same, then there is no doubt

of the construction of the road from Albany to the Tunnel in time for its completion.

Mr. Robinson.—Mr. Chairman, in the absence of the proper counsel, I wish to ask Mr. Mills a few questions.

To Mr. Mills.—You state that the Delaware and Hudson Canal Company are the lessees of the Susquehanna Railroad. Are you aware also that they are of the Rensselaer and Saratoga road from Albany to Troy?

Mr. Mills.—Yes, sir.

Mr. Robinson.—You are aware that they own a bridge at Troy?

Mr. Mills.—Yes, sir.

Mr. Robinson.—Have you any bridge at Albany at the present time for this road?

Mr. Mills.—No, sir; we have never built.

Mr. Robinson.—Are you aware that trains are running regularly between Troy and Albany by the Rensselaer and Saratoga?

Mr. Mills.—I suppose so.

Mr. Robinson.—You say the distance is about fifty miles. There is no pretension that the grades are low?

Mr. Mills.—The grades are within sixty-five feet.

Mr. Robinson.—There are bridges enough already for the public, without any expense for another?

Mr. Mills.—Mr. Chairman, I think Mr. Robinson can make his own speech. [Laughter.]

What we wish to do is to build a road in a direct line from Albany to the Hoosac Tunnel without passing through Troy, or without passing over the line that Mr. Robinson represents.

Mr. Barker.—Has there been a corporation organized under the general law to pass over this same route.

Mr. Mills.—No, sir; it is the same company and not at all antagonistic. It was thought that owing to some defects in our charter, we might possibly work better under the general law, and we took that action.

Mr. Barker.—What would you call the whole consolidated line, if it were to run by your proposed road to Albany?

Mr. Mills.—The Boston, Hoosac Tunnel and Albany Railroad Company. [Laughter.]

Mr. Mills continued.—The State, Mr. Chairman, cannot

afford to be without it. The interests of the State as represented in this Tunnel, and her interests as represented in this road are such that she cannot afford to be without a road connecting the western portal of the Tunnel with the city of Albany.

Mr. Chisholm.—Then your idea is that if your incorporators don't carry out your plan, the State will be obliged to build the road?

Mr. Mills.—Well, sir, I reserve that question entirely for the future. [Laughter.]

Mr. Mills continued.—It is so easy to construct that we can build every part of it within a year, at a cost not exceeding \$40,000 per mile, making in all \$2,000,000.

The Chairman.—Has the stock been taken?

Mr. Mills.—No, sir; the books have never been opened. The thing is in embryo yet, but to crush a prize that is in embryo is just as bad as to kill it when it is further on in life. [Laughter.] Mr. Shanly has been over the road at my suggestion.

Mr. Barker.—What was his report?

Mr. Mills.—Exceedingly favorable. I wish he were here to give it. The twenty miles in Massachusetts from the mouth of the Tunnel to the state line is through a valley—as I once heard a gentleman say in regard to the road of the Troy and Boston down the Hoosac Valley—dug out by nature.

Mr. Barker.—From the state line to Albany are there any difficulties in the way?

Mr. Mills.—There are no insurmountable difficulties. It is more difficult, however, than in Massachusetts. The part in Massachusetts would cost, according to the report of our engineer, about \$30,000 per mile, and the whole would cost about \$40,000 per mile, making in all \$2,000,000.

Mr. Barker.—How many separate surveys have you known of in that part of the State?

Mr. Mills.—Five or six.

Mr. Barker.—What is the difference in the length of the different roads?

Mr. Mills.—Nearly the same. They do not vary materially.

Mr. Barker.—What is the highest grade?

Mr. Mills.—The highest grade is seventy-five feet per mile, but the maximum grade is reported by the engineers at sixty-five feet.

Mr. Mills continued.—I wish to add one remark, not in the way of testimony, but to a remark of my own in answer to a question which I saw in the papers in regard to this matter of consolidation, and in regard to the Tunnel, "The question is, What shall we do if we do not consolidate?" I have thought, Mr. Chairman, that the brains and the capital of Massachusetts have been able to accomplish this great work, and, for one, I believe that the brains of Massachusetts will contrive some way to manage it after it is completed.

Mr. Barker.—Will you give us some suggestion about that?

Mr. Mills.—I am no railroad man. But the Albany Bridge has been referred to, and it seems to me that this is a somewhat similar case. The bridge is between two roads; the New York Central coming from the west to Albany, and the Hudson River road and the Boston and Albany road coming from east of the Hudson. These bridges are owned by a separate corporation, a company incorporated by the State of New York, with definite rights and privileges, giving to them power to charge prices for transporting, or for trains passing over the bridge. I understand the matter works very finely indeed. I made inquiry not long since of the proper authorities at Albany in relation to it. To be sure, the Tunnel is a pretty long bridge, but I see no reason why the Tunnel cannot be operated in the same way, and a corporation perhaps incorporated whose duty it shall be to transport freight and passengers through the Tunnel. I have no objection to the consolidation of these roads, leaving out the Tunnel. I expect to be heard myself to ask for consolidation, and certainly I do not wish to oppose consolidation in the abstract, for that, I think, will be exceedingly advantageous, but I see no objection to consolidating the roads, and having the bridge between. I suppose that there is no certainty that our own great road will not consolidate with the New York Central and the Albany and Susquehanna.

Mr. Wallace.—What advantage are you going to get by

keeping the Tunnel out of the consolidation? You are on another road than your own at both ends of it.

Mr. Mills.—I understand that when this question was opened the bill which was presented was the best which the friends of consolidation were able to frame. In the 17th section of that bill I notice that the roads bringing their freight to this line are to be charged for carrying it through the Tunnel in proportion to the cost of the Tunnel over ordinary railroads.

Judge Putnam.—We have provided an amendment to that by inserting the words "to the consolidated company."

Mr. Mills.—Then, as I understand that section, I think it is like this: The Tunnel, we will suppose, cost \$8,000,000. The road which we propose to build from Albany to the Tunnel will cost \$2,000,000. If we transport passengers or freight from Albany to the north of the Tunnel for \$1.50, according to the provisions of this bill, the line owning the Tunnel may charge for carrying through the Tunnel four times \$1.50, because \$8,000,000 is four times \$2,000,000.

Mr. Wallace.—I understand that; but that is not the question. It is whether one line shall have the line or another.

Mr. Mills.—Then I do not understand the point. My doctrine would be, that we are perfectly willing to leave the Tunnel with the State. We know she will do us no injustice, and I would advocate in regard to the rate of toll at the Tunnel a low rate, thus inviting from the West the commerce of the West, and let it all concentrate and pass through, and we shall commence and the work will be completed in a year. But whom did we hear yesterday? The representative of a road, a long line of road, costing millions of dollars,—not yet constructed, but looking to the construction of an outlay of capital,—coming up here to affect legislation in regard to the Tunnel, so that these roads may point to the Tunnel.

Mr. Wallace.—You are a citizen of Massachusetts?

Mr. Mills.—Yes, sir.

Mr. Wallace.—Have you any objection to Massachusetts letting this Tunnel be free for the next twenty-five years?

Mr. Mills.—I would advocate it with all my heart. I believe the great interests of Massachusetts would be enhanced; for

what is a small matter of the interest on the outlay compared with the great advantage to our manufacturing interests, in the matter of cheap transportation and a large freight through the Tunnel. I do not know but I would qualify that, and not say "free"; I am afraid when it is figured down in the papers it will look bad. [Laughter.] I will say, at a low rate. I would hold on to that Tunnel until all its results, its worth, or its worthlessness shall have been demonstrated by the state.

Mr. Bates.—Have you any plan in your mind that you can give us as to how this would be worked,—for the State to hold the Tunnel and the roads to be consolidated at both ends? Do you propose that every company should go through there with its locomotives?

Mr. Mills.—I am not a railroad man, sir.

Mr. Bates.—Have you any suggestion?

Mr. Mills.—I do not wish to be regarded as authority in the matter, but still I have thought about it, and I thought it was a difficult point, of course, but it occurred to me that a company might be organized, perhaps, that should furnish motive-power, the State still holding the Tunnel.

Mr. Bates.—Where would you have this company end its control,—with the four miles?

Mr. Mills.—I think, through the whole length of fifty miles; that would be the ordinary distance for a single locomotive. The State to carry the freight over the fifty miles of the Troy and Greenfield. That was my thought; but there may be insuperable objections to it. I have only thought that it might be done.

Mr. Bates.—Then how would you have that charged?

Mr. Mills.—At a low rate.

Mr. Bates.—Cannot we charge a low rate as it is now? All these things are to be governed by the governor and council.

Mr. Mills.—I know that the bill says the rates shall be regulated by the governor and council from time to time; but there is no certainty about it. I hardly think you can ask capital to invest in a Tunnel with that uncertainty hanging over it.

Mr. Bates read the seventeenth section of the bill.

Mr. Mills.—So far as I am concerned I should much sooner expect perfect equality through the Tunnel, if owned by the State, and the tolls regulated by them, than to trust to the provisions of this bill. I think it would be better.

Mr. Barker.—The idea that a toll should not be charged does not trouble you?

Mr. Mills.—No, sir. I suppose we could use any other name if that is objectionable.

The Chairman.—We might call it tariff.

Mr. Mills.—Yes; or duty.

GENTLEMEN FROM NEW YORK.

Mr. Edward T. Crane stated that he appeared at the request of Mr. Thomas L. Wakefield, of Dedham, who was then engaged in court, but who had been retained by some thirty gentlemen from northern New York who arrived the previous evening, and would like to lay before the committee a plan by which, if this line was consolidated in any form by which a right of way may be obtained through the State of New York, and lay before you plans and estimates, and give such other statements as will give to this committee a clear view of how much and in what way connection may be made with Lake Ontario. As Mr. Wakefield would be at leisure at four o'clock, he would like a hearing in the afternoon. A hearing was assigned for the next day at half-past three.

MR. DERBY'S ARGUMENT.

Mr. Derby.—I represent the Fitchburg road, who wish to be heard at some stage in the hearing. I am ready at any time, sir.

The Chairman.—We will hear you now.

Mr. Derby proceeded as follows:—

Mr. Chairman and Gentlemen of the Committee,—I have the honor to appear here to-day in behalf of the Fitchburg road and advocate consolidation upon a larger scale and a more comprehensive plan, and point out the deficiencies of the plan already presented. I shall deal first with the last suggestion and point out the deficiencies of the present plan,

and notice the leading arguments which have been brought here in favor of it.

The subject is one to which I have devoted a considerable portion of a lifetime. It is now thirty years since I had the honor to be elected a director of the Western Railroad to serve there several years, to advocate the loans of the state credit, and the aid of the State to the Western Railroad, and to remain in the direction of the company until the great work was consummated and the line carried over the mountains. In the course of the investigations which were then made in the early surveys for the Western road, I found that the true route to the West was under and not over the mountain. I had occasion to fall back upon the plans which had originated with Loammi Baldwin, which were subsequently advocated by Gen. Bernard who built the fortresses of the United States, an engineer of Napoleon, and which were afterward advocated strenuously by Gen. Dearborn, but which were set aside when the railroads came to be built by the energy and wit of David Henshaw of Leicester, by the Blisses of Springfield, the Pomroys of Pittsfield, and the Lincolns and other distinguished men of Worcester, so that a route was adapted over the mountain instead of under it, as in the first instance. And probably it was fortunate for the State that this Tunnel was not grasped for a canal, because it would have been premature and might have led the State into a large expenditure, and a canal would have proved unremunerative like the Westfield Blackstone Canal. It was fortunate also that the line was carried over the mountain instead of under it, for if it had been carried under it we should have had no railroad to Pittsfield, and probably none to Springfield,—the route being so much more easy for the passage of the mountain on the one line than it would have been on the other.

But I will make no farther preface to what I wish to present. I do not rise to make a florid speech upon the subject, but to present a series of points in which I shall endeavor to deal with the facts and arguments which have been adduced here in favor of an imperfect system of consolidation. I shall present to you a series of points, rather than a speech, in favor of our plan.

I would first deal with the suggestions which were made

here by Mr. Allen, and I take the ground that the State of Massachusetts, as well as the Fitchburg and Vermont and Massachusetts Railroad companies, are as free as air, so far as any arrangement to terminate this road at Troy has been made. There are no agreements leading to that, except such as has either been set aside by the course of events, or such as do not bind either the State or the railroad companies to which I have referred.

My first point, then, is that the State is not hampered by any contract; nor are the Vermont and Massachusetts or Fitchburg Railroad companies hampered by any engagements. It is true that in the charter of the Troy and Greenfield Railroad Company there was a clause that it might connect with any railroad in New York or Vermont. But that did not identify it with Troy. It was a broad provision, sufficient to reach any railways beyond the mountains, and did not confine it to the city of Troy. Then in regard to the lease of the Vermont Southern road, a little road of six miles; some allusion has been made to an agreement for the consolidation of the roads made by that road,—a road out of the State, in the State of Vermont. There is something said upon the subject of that branch by the Troy and Greenfield line in the lease; but the Troy and Greenfield road is absorbed by the State; it has been surrendered to the State. The Southern Vermont road is out of the State, and any compact or agreement, perfect or imperfect, made for that road with the Troy and Boston road does not bind the Fitchburg road, or the Vermont and Massachusetts road, or the State. But, really, there is no contract of that kind; it has been modified (and that is my second point) by the changed circumstances and changed fortune of the railroads and canals in New York. At the time when this road, the Troy and Boston, was established, Troy was considered to be one of the objective points, because the canal terminated there, and carried two-thirds or three-quarters of the freight which came through the State of New York.

The Erie Canal was the great avenue of trade; the railroads of the State were almost a sealed book. Very shortly before, I had written personally, in one of the Buffalo papers, that the lion of the West should no longer be trammelled like a northern bear through the winter; for there was a prohibition was re-

moved, partly at our own instance. Then came up the question of tolls, and a toll was put upon the railroads for the benefit of the canals. When the Troy and Boston Railroad was started, railroads were carrying less than a million tons, while the the canal was carrying some four millions of tons. But now that is all changed. Lumber and corn remain upon the canal, but all the valuable freight, such as seeks the railroads, is carried by the New York Central and the Erie railroads. The canal has come to be a mere dragger, a carrier of coarse freight, and remains as it was twenty years ago, or with very slight increase. So that now the objective point is not Troy to meet the canal, but it is to meet the railroads, which are carrying some ten millions of tons across New York. That is one great thing. Then there was no bridge at Albany, and Troy was looked to because there was a bridge at that point.

I come now to my third point which is this: that there was at that time a survey for a railroad from the Eagle Bridge, upon the Troy and Boston road, to Saratoga, and from Saratoga to Sackett's Harbor. One of the objective points when the Troy and Boston line was begun, was Sackett's Harbor, and not Troy alone, which was on the road to New York. We were looking westerly and northerly to the vast traffic upon the St. Lawrence and upon Lake Ontario and Sackett's Harbor, which during the last war grew up to be a great part of the country, is delineated upon a map by Mr. Edwards in his report, which I shall bring here and put into the case before your sessions close, as the terminal point. Therefore, not having bound ourselves to Troy, having said we were going towards the lakes, and the lakes and the canals having changed their relative positions, there are strong reasons why we should make the objective point upon the lakes.

Another reason for this has sprung up. At that time when we located, most of the railroads chartered in the State of New York were Boston railroads. The Rochester road, I think, originated in Boston. The Utica and Schenectady and the Buffalo roads were aided by Boston. Some of our largest capitalists, Mr. Wild, Mr. Thayer and many others were largely interested in them, and their transfer offices were here. But in a little while these roads ceased to be Boston roads and became New York roads. They were con-

solidated, and finally the whole line from Buffalo to New York became a New York enterprise, known as the New York Central and Hudson River Railroad. We were no longer looking to friends but to foes, competing for the trade of the West with our Boston roads by lines beginning at Lake Erie and Troy, and terminating at the city of New York, and if we came to Troy we were coming into connection with them; we were coming there to unite not with a Boston but a New York line, which had been watered to the extent of eighty per cent.; we were placing ourselves and the State of Massachusetts in a state of dependence upon Mr. Vanderbilt who watered the stock. All these, gentlemen, seem to me to be reasons why we are precluded from consolidating the Troy and Boston road with this line. We must look to the interests of Massachusetts rather than to the interests of New York.

I have another suggestion to make upon the subject, which springs from an examination made within the last few months. I will put into the case an abstract of the reports of the State of New York of this Troy and Boston Railroad. You will find that the capital of this line of thirty-five miles, which was originally built for about \$2,000,000, something like \$60,000 or \$70,000 per mile, has now been carried to nearly \$4,000,000. Four years ago it stood, according to the reports of the State of New York, with a capital of \$600,000, and with a debt a little short of \$2,000,000. To-day it stands with a debt of substantially the same amount,—a little less than \$2,000,000, and a stock of \$1,500,000. A small amount of capital may have been paid in and applied to the reduction of the debt, but nearly all the residue recently created is in the shape of dividends, imaginary or fictitious, with the stockholders. Some step has been taken by which this road has been carried up from its original cost, less than \$2,000,000, to \$3,500,000 or \$4,000,000, for the purpose, as it seems to me, of putting it on a footing, first with the Vermont and Massachusetts, whose capital and debt is \$3,500,000, and then on a par with the Fitchburg road, which with one hundred and forty-seven miles of track in place of thirty-five, and with a property worth to-day some \$7,000,000, is to have the Troy and Boston road put upon a footing of equality with

it. A year or two ago the capital of the Fitchburg was but \$3,500,000. The Troy and Boston, with one-quarter part of the number of miles of track; with less than half the engines that are to be found upon the Fitchburg road, and perhaps a quarter or a third of the cars; without any extensive docks or wharves like those of the Fitchburg road; without the large amount of surplus property held by the Fitchburg road, is brought up by this imaginary capital to stand on the same footing with the Vermont and Massachusetts and the Fitchburg lines, while its actual capital is but a trifle, perhaps one, two or three hundred thousand dollars beyond the debt upon it, and it stands representing really an excess of only two or three hundred thousand dollars from growth in value beyond its debt as reported to the State.

These are the objections on our part to having this road, which came forward here without any adequate capital, within eighteen months, and proposed to purchase the Tunnel, either for itself or for some one who stands behind it. We think there are serious objections to consolidating this road, a road out of the State, and beyond the control of Massachusetts, with the Vermont and Massachusetts, the Fitchburg and the Tunnel upon equal terms, to make a line between Boston and Troy, while the objective point is Oswego upon Lake Ontario.

These are the suggestions which I have to make in reply to what has been said in favor of the consolidation of the Troy and Boston road, in the enterprise which is now presented for your consideration.

Judge Thomas.—I understand that the Fitchburg Railroad is opposed to any consolidation with the Troy and Boston.

Mr. Derby.—I prefer to have the consolidation made with Massachusetts roads, and then to lease or make arrangements with the Troy and Boston road. We are opposed to making the Troy and Boston road the basis of consolidation under these circumstances.

Judge Thomas.—You are opposed to consolidating with that road?

Mr. Derby.—My preference is to have that road, rather than consolidating with it.

Judge Thomas.—I speak of the position of your clients,

the Fitchburg road: that road appears here to-day as I understand it, opposed to any consolidation with the Troy and Boston road.

Mr. Derby.—Record it so if you please. I believe I am correct in so saying I object to it.

Judge Thomas.—The road objects?

Mr. Derby.—Yes sir. The fifth point which I propose to submit to this committee and through them to the State, is that the objective point to which we look to-day, is Oswego upon Lake Ontario with its ten elevators with a capacity of 2,000,000 bushels, with its 20,000 population, with its capacity to turn out 8,000 barrels of flour, standing as it does at the outlet of seven lakes, all those interior lakes of New York with probably the finest water-power in the United States, with a hundred feet of fall from those seven lakes down into Lake Ontario, being to-day the terminus of a railway that will be finished by August, coming down from Niagara Falls along the line of the lakes, upon the ancient level shore of the lake to that point. Oswego connects by the new bridge at Lewiston with the Western and Grand Trunk roads, with the Michigan Central and so with Chicago. Oswego, I say is now our objective point. And when you get there and make connection with that line by means of an intermediate line, we shorten the journey to Chicago more than 120 miles from what it is to-day by Cleveland and Toledo, the route followed by the New York Central, Vanderbilt line.

Mr. Bates.—How do you get the distances? Can you give it in detail?

Mr. Derby.—I will put it in in evidence. I have not the figures on this brief, which is a short one.

I now come to a suggestion made by my friend Judge Thomas, that he comes here to favor a continuous independent line to the West; that I understand to be his statement.

Judge Thomas.—I will make my statement when the time comes. I have not opened my case yet. You may take care of yours and I will of mine.

Mr. Derby.—I will refer then to the *introduction* of Judge Thomas. I will not call it an opening. In his introduction he spoke in favor of a continuous and independent line. I

suggest that the line he proposes may be a continuous one, but is not an independent one; and that is all I have to say in answer to the very brief and happy introduction of my friend in starting this case. His argument was a short one; mine is shorter.

Judge Thomas.—I understand that the Fitchburg road wants a line to Oswego?

Mr. Derby.—It wants an independent line, and one of the objective points is Oswego, and it comes here to make both. I make these points and will not attempt to strengthen them. I leave them to stand on their own merits. I mean to be clear as a bell, and I believe that I have stated them distinctly, and at any rate they will be recorded and the committee will have an opportunity to find them. I will leave the points to stand upon their merits.

My seventh point is that consolidation must deal with direct lines only. This is dealing with the suggestion of my friend Mr. Bates. Now consolidation in other cases has been on a different plan and I cannot understand that there is anything in the legislation of the State that precludes consolidation of lines of road that do not run parallel. I repel the idea that we are compelled to move for consolidation in a direct line. I think it is plain that in this case, by consolidating other than direct lines, by consolidating the Fitchburg with other lines in Middlesex County, a very great benefit may be conferred, first upon the Fitchburg, by adding to its resources large docks and wharves which are now in course of construction adapted to the through business of the West; second, by adding to the Lowell road all the wharves and piers and waterfront of the Fitchburg. If you trace each line of railway you will find from two to three miles of track along the wharves and docks for the accommodation of the local business of the country. The union of the wharves, docks and piers of these roads will afford accommodation to the whole interior country, New Hampshire and Vermont and the whole line northerly, while the great pier of the Lowell road and its extensive docks will furnish accommodation for the freight of the Fitchburg, which is now without any accommodation, and in this way it will be a great benefit to each road. Another

item will be a saving of an expense of \$300,000 or \$400,000 per year for the administration of two companies.

That strong companies should be formed to do business with the interior and with the West is another point. Such is the policy of Europe. I wish at this point to put in a magazine published in London within a few weeks, which gives the latest information upon that subject. I submit to you that the consolidations of Europe are not consolidations of lines which are collateral, or connected with each other. I have in my hand a list of ten roads consolidated. One of them is composed of a line 1,500 miles long with another 500 miles long. The old London and Birmingham road was 1,500 miles long, and the Yorkshire and Lancashire road, 500 miles long, were consolidated without any difficulty, and it operates well. In all, the amount of consolidated track in England is 8,200 miles, and it forms two-thirds of all the railways in England. This brings to the people the benefits of strong competition, and all unnecessary roads are done away with. So much for consolidation in England. In France, there is a line from Paris to Lyons that comprises more than 2,000 miles, and it is one of the most successful lines in Europe, with low fare and low freights. But I am not to dwell upon this point; I only submit that the experience of Europe is in favor of our own consolidation.

Mr. Chisholm.—My impression is, that the opinion in Parliament at present is that this is beneficial to the roads but not to the people.

Mr. Derby.—From what I learn from a constant reading of the foreign magazines, I am inclined to think it is regarded with favor by the people. I think the case of the wasteful expenditure on the part of the Boston and Maine, and Eastern, in competition, would be a case in point to show that it is an expenditure of \$4,000,000 or \$5,000,000, which must be charged more or less upon the people.

My ninth point is, that it is important to have a strong consolidation here, strong enough to carry the line of Massachusetts forward and connect with the line of the Canada roads and the Michigan Central road. It is important for us to go forward and connect with these lake lines, and this can only

be done by a stronger consolidation than is presented here for your consideration.

My tenth point is, that a stronger consolidation than this which is presented is essential to the success of the Tunnel. The Boston and Albany carried, during the last year, according to its report, 2,800,000 tons of freight. The freight carried by the Western before the consolidation, was only 50,000 or 60,000 per year, and it remained for some twenty years within 100,000 tons. But with the consolidation with the Worcester road, there was a strong road and a strong capital and great facilities. We wish to attract, as far as possible, several millions of tons and great numbers of passengers. We want to begin where they leave off, and with a toll of twenty-five cents per ton upon 2,000,000 tons, we can pay \$500,000 yearly interest on the accumulated cost of the Tunnel, which has cost about \$7,000,000, and with the accumulated interest, the amount is \$10,000,000 or \$11,000,000, and not \$13,000,000, as has been stated. If by energetic action this could be done, the State would not lose on the construction of the Tunnel, and I venture to predict that if you will carry out a plan which will be presented to you, it will furnish a capital and carry out the business that will pay $4\frac{3}{4}$ per cent., not only on the cost, but upon the accumulated interest of the cost of the Tunnel, and I would stand here as a man, and as the representative of a road to-day, upon the ground that the State ought not to part with its interest in the Tunnel. It can hold it cheaper than anybody else—at $4\frac{3}{4}$ per cent. Let one company run it and be required to carry the passengers and freight of connecting roads at a specific rate, say $1\frac{1}{2}$ or 2 per cent. per ton per-mile, thus giving to one line the business of the whole route. We don't want the Tunnel in the hands of speculators, but we want it held for the State, and every road allowed to come in at a fair rate for the advantages of it.

The hearing was then adjourned till Thursday, February 6.

R E P O R T

OF THE

FIFTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

FEBRUARY 6, 1873.

BOSTON :

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

FIFTH HEARING.

The fifth hearing was opened with the continuation of Mr. Derby's argument. Mr. Derby proceeded as follows :—

I am happy to meet you, gentlemen of the Committee, this morning, fresh from your rest, and to finish the argument I began yesterday. Mr. Bates wished a table of the distances put in, and I will put a sheet of distances into the case, showing that the distance to Chicago by the line we propose is 920 miles, thus saving a distance of 122 miles as compared with the Toledo and Cleveland and the Boston and Albany Railroad. I will also put into the case a letter from Mr. James F. Joy, dated March 25, 1872. Mr. Joy is the president of the Michigan Central Railroad and the directing superintendent of the Great Western Railroad of Canada, and he gives the distances which we gave the other day in regard to the length of the route through Canada, and upon the Michigan Central Railroad, and he gives them as I stated yesterday. He expresses in his letter a warm sympathy with the enterprise, and a strong hope that an independent line will succeed. I would also put in the last two reports of the Michigan Central Railroad, and I have marked the passage to which I wish to refer, so as not to weary the patience of the Committee.

Now, gentlemen, I come to the *eleventh point*, which is that this line, in order to be successful, must have steel rails, and must have a double track to Fitchburg, but beyond that, and eventually to the Tunnel, we must have a double track and steel rails, which I estimate will cost four millions of dollars. To do the business now done upon the Boston and Albany Railroad, we require 4,200 cars, and an adequate number of engines. On the Boston and Albany Railroad they reported a year ago that they had in the vicinity of 4,000 cars, which I

understand have been largely increased since. To do a business of three millions of tons a year demands over 4,000 cars, and to purchase these about four millions will be required. Then to complete the road in New York, the Boston, Rome and Oswego, and to finish it for the 128 miles, there will be required something in the vicinity of four millions.

Now I am not going to suggest to you that the consolidated roads will build that road alone, but I do suggest that capital is wanted for that road, and we want a rich company only to take that road and give life to it. Some of the stock may be subscribed for in towns, or by some of the other railroads, but we want something to set it in motion. These suggestions in regard to cars and equipage, and the additional railroad in New York, make three additional points, eleven, twelve and thirteen.

Another point,—that this line calls for wharves, calls for docks, steamboat docks,—for a freight line is nothing in itself. You have the means of sending freight beyond Boston. Provisions are wanted in England, for there the artisan is beginning to eat meat. Formerly they were content with bread and cheese, and if they could not get the latter, with bread alone; but since the rise in wages the English workmen are living better, and there is a demand for provisions, an immense demand, a great rise of prices, and we want the facilities of bringing these provisions here and transporting them. We can get ships enough to carry them hence, though unfortunately they do not sail under our flag, but the time will come when we shall furnish them ourselves. But we can have neither foreign nor domestic-built ships unless we have the docks to receive them. There must be provided docks, and wharves, and piers and sheds to receive their cargoes. And then elevators must be provided, and we require one million of dollars for providing one elevator for every two millions of bushels of grain; for I believe it costs about fifty cents a bushel, according to the capacity of the building. Thus I have shown you that thirteen millions of dollars will be required. It must be done quickly. The money must be had, and the question is whether this consolidation of a weak railroad in Massachusetts, and a still weaker one in another State can furnish the requisite capital.

I now come to my *fifteenth* point. The consolidation of the Vermont and Massachusetts, and the Troy and Boston Railroads, will not give \$13,000,000. With the New York road the debt already exceeds the road cost. They paid down \$400,000 for engineering and contingencies. This is a financial charge. The original investure was but \$500,000 or \$600,000, and this road for many years did not even pay any interest on that debt. The Troy and Boston Railroad brings no strength to this consolidation, and the Vermont and Massachusetts Railroad, which is a very valuable road practically, has not the capital required, to carry on the business required. I wish to speak of the Vermont and Massachusetts road, with extreme respect, regarding it as I do almost as one of my own children, for I had the honor of applying to the legislature of Massachusetts for its charter many years ago. Unfortunately, however, it has a debt of \$700,000 and the value of the stock is not much over that. For five years past it has paid a dividend of one and one-half per cent. on the average. That is the basis upon which it stands. Now without the Fitchburg road, consolidate the Vermont and Massachusetts, and the Troy and Boston roads, and you have consolidated one and one-half millions of dollars capital. Do you wonder it would put its arms around the neck of the Fitchburg and bring it into its embrace, the latter having a capital of seven and possibly eight millions of dollars? Without the Fitchburg Company there is an insufficiency of capital; with the Fitchburg there is an insufficiency of capital.

My *sixteenth point* is that a larger consolidation is required than the one suggested, in order to provide the additional capital, and this I have already explained. Now if an association can be formed by ten important trunk lines of Massachusetts in Middlesex County—and I will not go into details, but I will suggest to you how a saving will be effected and the capital will be provided—there will be a saving in their annual expenses of at least \$400,000, in carrying on the joint business of these two lines. Any gentleman who is conversant with railroads, will know the fact, that by uniting these lines, the expenses will be greatly reduced, and my position is that when I see important lines associated with

the Vermont and Massachusetts Railroad in building this road, that there will be an annual saving of from \$350,000 to \$400,000. You will see by the report of the Boston and Albany Railroad for the last year, that the small elevator at East Boston, with its inferior docks, has yielded \$190,000. When the elevator is built by our lines, it becomes immediately and directly a source of revenue, and will probably add \$200,000 or \$300,000 a year to the revenue of the companies, which will strengthen the consolidation.

Then comes in the revenue to be derived from the equipage. If three or four millions are invested in cars, (for I take it, you may rate each car at a thousand dollars, if you include the engine or portion of engine that goes with it), the three or four millions invested in cars, will produce eight or ten per cent., making a return of three to four hundred thousand dollars a year, independent of the business. The cars will find employment if they are put on this line and will earn money. They will earn it somewhere. But whether this equipage added to the associated lines will add to their resources and receipts. If you associate lines, whose property is worth to-day, ten or fifteen millions of dollars and they put additional capital into equipage, second tracks and steel rails, which cheapen business greatly, for a steel rail outlasts twenty iron rails, they will be strong enough to carry on this enterprise which the Vermont and Massachusetts line, and its feeble partners would be unable to carry. This is my position with regard to the association of these lines.

The next point, gentlemen, which I wish to present to you is that the plan before you is defective in this particular, that it calls upon one of the lines associated to resign its dividends. You heard the testimony of Mr. Richardson. He gave you to understand that for two or three years to come, the Fitchburg road might possibly lose its dividends; at all events they would be jeopardized.

Mr. Bates.—I did not so understand him.

Mr. Derby.—I refer you to the evidence. There was a risk, a peril to be incurred. He declined to have the Fitchburg road guaranteed any dividends during the time. Although they were earning them from their local business, they

were to be required to come forward and form this association, at the risk, certainly, of losing their dividends for a time. Well, gentlemen, the association would be a union of a living capital with a dead capital, and the association would be something like this : two young men, for instance, energetic and spirited, go to a capitalist engaged in a good business, receiving dividends upon his property invested, and say to him, "We wish to go into partnership with you." "What funds have you?" "We haven't enough to go to market with, but we have energy, spirit, pluck, and we wish to associate ourselves with you ; you have plenty of money to go to market with, you have enough capital, and we propose to bring our old uncle, who has a large amount of real estate, into the partnership, and perhaps will mortgage his property, or let us pledge it for him to carry on the concern." "But meanwhile what am I to do, how am I to provide for my wife and children?" This is the view I take of this plan ; the dead capital of the Tunnel, still dead capital, yet to be finished, yet to be tested, and these two road, the Troy and Boston and Vermont and Massachusetts, with little or no capital, are to be associated with the living Fitchburg, and thus the enterprise is to be carried on. Why, gentlemen, when thinking or dreaming of this subject, it presented itself in my mind thus : I was in a country dairy and was looking at the shelves, and saw three pans ; one had cream, another had milk, and the other had buttermilk or skimmed milk ; and it was proposed to the dairy women to amalgamate them all ; and then the question was how the owners of these pans were to divide the butter, and which would produce it. That is the kind of association suggested by the gentleman with the bill, on which I have the honor to address you this morning. Now, gentleman, I come before you with the experience of thirty-four years, during which I have been either a director or counsel for railroads. I am not now a director of the Fitchburg Railroad as one of our reporters suggested, for I left that line eighteen years ago. As soon as the Tunnel line was secured and I saw that enterprise carried through, I retired from its direction, and the result at which I arrived is that you want these improvements immediately : you want prompt and efficient action. These are not to be secured by

harnessing together two weak companies, but by uniting in the bonds of wedlock two strong ones, who are competent to go forward with reproductive power. You want the steamships at once; you want the steel rails and double tracks immediately. But one million tons additional business can be done without them, but you want several million tons at once, and you want an additional increase. You must secure immediate results by bringing in capital. You want the British steamships, and you must be ready to receive them. They are ready to come, but they want the facilities and these facilities must be accorded; without them you will not have the steamships. You want an immediate return upon the capital embarked in the Tunnel. I look on that as a source of revenue; I have faith in the Tunnel, and ever have had. I have not faltered in thirty-four years since I took up the idea. But, gentlemen, how is the Tunnel to pay unless freight comes to it. You have opened the portals to New York, but it will not do for Massachusetts to stand there. You must go beyond the portals and see that access is open to them and facilities afforded; if not you will wait in vain. On the first point let me make one or two suggestions; let me look at things as they are. We have the Boston and Albany line terminating at Albany, and there connecting with a railroad which runs to Buffalo,—the New York Central line. That line has in common with the Western road the twenty-three miles down to Chatham. They use and they have a common interest in the bridges. I do not know how much the Western road gets from it, but from that toll on the millions of tons crossing the bridges, some one is realizing a very large return. Twenty-five cents on a passenger, and thirty-seven cents or half a dollar per ton for freight must yield a large revenue, perhaps fifty per cent. I do not know what the dividends are. I do not think they are disclosed in any of the reports made to the State, but some one is making a very great profit upon those bridges. I presume Mr. Chapin and Mr. Vanderbilt have a very large interest, direct or indirect, through the railroads, in those bridges, and there is a very strong inducement for them to send freight over those bridges, and down over the Harlem road, the Hudson River road to New York, and over that road to Boston. And when your line is finished to the

portals of New York, and you call for freight to come over it, you will find all the energies of Vanderbilt and Chapin applied to drawing the freight another way. Can you expect a liberal patronage from them when their interest is in another direction? I submit to you that more than half of the business of this line must be drawn from Oswego and lines beyond it. Oswego has large elevators and granaries now depressed, because Buffalo is favored at the expense of Oswego. They stand there with their arms open, ready to receive you, and you must push your line as directly and quickly as possible to the lake at Oswego, which is strong in coal, salt and iron, and soon to give return loads to the propellers. With two millions of tons of freight, without a passenger, at twenty-five cents a ton, the Tunnel can carry half a million tons a year, or five per cent. upon the whole investment of the State, principal and interest. My idea is that you should have that amount of freight within two years, and my idea is that there should be an annual increase of from half a million to a million tons a year for many years to come, and that the toll by the State, beginning with a quarter of a dollar, should be gradually decreased to some almost infinitesimal point for the encouragement of the commerce of Massachusetts; for that was the object for which the Tunnel was built. If the idea of the friends of the Tunnel was that we should go on as the Western Railroad did for twenty years before they got one hundred thousand tons of through freight, it was not my idea. It was not for that I devoted time, thought and labor, and whatever ability I might possess, to receive the aid of the State in its construction. I advocated the Tunnel as a great commercial and financial measure, and I want it to result in benefit to the State of Massachusetts. I want it to prove a blessing to the State, and then I shall be proud of having my name associated with it from beginning to end. I should take pride in the fact that I stood by it in its weakness, that I went to Montreal and found the Shanlys, that I introduced them to the work as men capable of doing it, and thus hastened its completion; that I for two years invoked the State to furnish the two millions loan, with little hope of reward. I shall feel a great pride in the accomplishment of the enterprise, and in its brilliant results to the State, which I venture

here to predict will be achieved through the aid of your Committee.

The twenty-first point which I present to you is this: that it is not safe to commit this Tunnel to two foreign corporations, the one entirely in New York at the outlet of the Central road, the other partly in Massachusetts and partly in Vermont, holding its property with a feeble hand. A million dollars might control the stock of the Vermont and Massachusetts road. The Troy and Boston road is controlled already in the State of New York; put them together, bring the Troy and Boston, with its three directors, into the same interest with the Vermont and Massachusetts, with its three directors here,—the Fitchburg Railroad standing out,—and you make the Tunnel virtually a foreign enterprise,—an enterprise out of the State. I have entire confidence in my friend, Mr. Richardson, but he may not permanently hold his place. There may be, at some meeting of the stockholders, a preponderating interest in favor of New York. Other directors may be chosen, and then the whole Tunnel enterprise, if you confide it to these two companies, becomes a New York enterprise,—a foreign enterprise. This Tunnel is of too great importance to be confided to any companies the stock and property of which are not held to some extent under the State.

But time is passing, and I pass to the next point which I venture to suggest to you, that if you part with the Tunnel at all (and I think you should hesitate to do so), you should entrust it to strong companies which are at home in the State of Massachusetts. Then you have a strong local interest in the Tunnel; then you have our capitalists enlisted more or less in the success of an enterprise identified with the prosperity of Boston and the prosperity of the State. Or, if you should give this consolidation to two of our companies on the seaboard, how easy it would be for them to hire the Vermont and Massachusetts. They could afford to pay a fair interest; they could afford to give it, I think, more than it could earn itself, or they might agree to run it and share *pro rata*,—to put on the engines, furnish the equipage, furnish double tracks and run it under a long lease. There are many ways in which this thing is done to-day. The Great Western

road, I understand, is run in connection with the Michigan Central. Many roads are certainly run by connecting lines and the income shared *pro rata*. Thus you have the advantages of a long line, and each road maintains its local interest and local business. Should the Fitchburg road, and any associated road, propose to the Vermont and Massachusetts line to run up to the Troy and Greenfield line, there would be but one objection that occurs to me, and that is one that is certainly to the honor of the Fitchburg road, that thus far, in the division of the business, the Vermont and Massachusetts have had more than their *pro rata* share. That is the way they have been treated. I was in the direction of the Western Railroad when that road and the Boston and Worcester were in controversy, and the difficulty then was to get a *pro rata* share. The Boston and Worcester held to the idea of very high charges, the Western held to low charges in a more difficult country, and when they came to decide the Boston and Worcester actually claimed more than its *pro rata* share of the joint business. Such has not been the dealing of the Fitchburg road with the Vermont and Massachusetts. You observed how Mr. Richardson spoke of the treatment they had received from the Fitchburg Railroad. They have taken more than their share,—a very liberal allowance of the receipts. I know of no objection to running the Vermont and Massachusetts by the Fitchburg, except this: that the *pro rata* would not give them as much as they have been accustomed to receive. Then the Fitchburg road, according to the evidence, has made offers and propositions. Were they unreasonable? It was not willing to be consolidated with the line leading down to New York. But it was willing to consolidate with the Vermont and Massachusetts on reasonable terms. All it asked was that it should not be stripped of its local revenues; for would it be just that it should lose its income of eight per cent. by going into an association where it would furnish nearly all the active capital? Should not the returns now received from the local business be protected? Was there anything unfair or unreasonable in the Fitchburg saying to the Vermont and Massachusetts, We are willing to consolidate with you on condition that we have our eight per cent. dividends preserved to us.

Mr. Bates.—Upon what capital?

Mr. Derby.—They offered it upon four millions, although their capital is really seven millions or more.

Mr. Bates.—There would be no objection on the part of the Vermont and Massachusetts if the State chooses. We are perfectly willing to allow it.

Mr. Derby.—I will have that communicated to my clients; but I wish to say that this was a proposition or suggestion by a committee. It was not submitted to the directors or stockholders of the Fitchburg road. But the proposition was declined at once, as I understand, by the Vermont and Massachusetts.

Mr. Bates.—On public grounds.

Mr. Derby.—Any way it was put it would have been a fair proposition. If the eight per cent. was put upon four millions and was declined, that proposition was fair. If that company now added the value of the improvements made annually upon it, it would still have been perfectly fair and reasonable. Whatever it was, a fair proposition was made, but it was declined. Mr. Richardson testified to the fact that it was declined.

Mr. Bates.—No, sir; that is wrong.

Mr. Derby.—He said they must come in and take their chances. That is the substance of the statement.

Mr. Bates.—He was stating his own opinion.

Mr. Derby.—I refer to a conference of committees, not conclusive upon either party. They could not agree upon a basis. The terms of the Fitchburg Railroad line were fair, but not acceptable to the Vermont and Massachusetts line.

My twenty-third point is, that the plan presented by the Vermont and Massachusetts and Troy and Boston Railroads is one dependent upon an arrangement to be made satisfactory to the governor and council. There is no provision made for any substitute in case that negotiation should fail. This is one of the defects of the plan presented, that if the parties cannot agree everything remains in *statu quo*. In such case, the rails, equipage, docks and elevators will not be provided unless they are provided by other parties.

My twenty-fourth point is, that the State is fortunate in having companies at the base end of the line in the county of

Middlesex, competent to carry through the enterprise, to provide the equipage, the rails, the docks, elevators and piers which are required; companies which control in and around Boston and Charlestown one hundred acres of land, with some fifteen or twenty more as near as Watertown, with extensive cattle-sheds upon them, and that here is ample provision for depot grounds and for water-front, the two companies controlling each side of the navy yard almost all the water-fronts of Charlestown, the northern side of Boston, with a fair prospect of eventually the navy yard itself.

Should they be united, why should not the country from the seaboard to the St. Lawrence and to the lakes, which was roused to life by the crusade of Mr. Crocker when he went out, like Peter the Hermit, and aroused the people of Vermont and New Hampshire, participate in the advantages of these docks and these improvements afforded by the two lines? Is it asking too much to say that all who inhabit this district of country should find their accommodations here, and if a large patronage is given the road on account of its docks and elevators, will not the very magnitude of the business cheapen the rates?

I am requested by my associate to read the testimony of Mr. Richardson, on the point discussed, a few moments ago: "Our directors declined having the Fitchburg road go in as preferred stock into a concern of \$20,000,000." They thought they had better not ask it for themselves, for they were going to make a prosperous line for all time. They thought they ought not to ask it for two years.

Question.—In other words, your company and your Board preferred to submit the matter in this shape, and to have the whole matter left to commissioners, rather than to attempt any actual proposition or make any negotiation.

Answer.—It did not seem that we could.

Mr. Bates.—In other words, your company or your Board preferred to leave the whole matter to commissioners, rather than submit any actual proposition.

Mr. Derby.—The Vermont and Massachusetts utterly declined any negotiation upon the subject, according to the report of the evidence.

I have anticipated three points, the twenty-sixth, twenty-seventh and twenty-eighth, in discussing the possibility of failure and the offer of the Fitchburg line, and now pass to the twenty-ninth,—that dividends are essential to credit. I may have referred to this point, but I will say a word more upon it. If twelve or thirteen million of dollars are to be raised, can a company which is paying but one and a half per cent. on the usage, or even four per cent. on two or three millions, go into the market and raise twelve millions at the current prices for money? My idea is, that the Fitchburg road and the others which may be associated with it can carry on this enterprise only by preserving their dividends. Without dividends they are discredited. I can remember that in the history of the Fitchburg road the time came when it felt called upon to lay a double track. It purchased the iron at \$40 per ton, and laid down a double track in anticipation of the future, thereby saving \$200,000 on the cost of the second track, which very fortunately it now has ready for use at half the cost of such a track at the present time. But the consequence was suspension of the dividends for two years, and the credit of the road was seriously impaired. The stock had been as high as 130,—it fell to 62, and it was difficult to raise money except at extra interest, which the Fitchburg road never paid while I was connected with it. The Fitchburg line has felt the difficulties attending such a state of things, and does not want to get into it again. It desires to preserve its dividends as a basis for credit, and should it be associated with any other line in Massachusetts they must maintain their dividends; to obtain credit this is absolutely necessary. Without dividends there is no credit, and without credit the company has no resources to make improvements. You must have the dividends to secure the improvements.

The thirtieth point which I wish to present is, that the docks to which I have alluded are in progress and nearly finished, and the result will be immediate; they are moving *pari passu* with the progress of the Tunnel, and will be ready for the reception of the business of the Tunnel.

The next point to which I now advert is that by this measure which is before you, you are permitting the Tunnel to be

mortgaged. It is proposed that the property of the Troy and Greenfield road shall come into the consolidation; it takes with it the Tunnel, the property of the Troy and Boston, and that of the Vermont and Massachusetts are also absorbed. Their property, incumbered with debt, is to come into the consolidation with the Tunnel; the property of the State, free from debt, is also absorbed, and authority is given to the parties to raise money. If they are to raise money, they are to raise it on the credit of the Tunnel as well as on the credit of the little property they have from other sources. I so read and understood the bill, that the Tunnel comes in as part of the property, and the State takes its pay in stock. Now, gentlemen, I submit that the Tunnel should not be directly or indirectly mortgaged. It is a trust for the whole State. If pledged, it may be grasped by speculators. It should not be placed in such a predicament; and in behalf of the road that I represent, and in behalf of the whole State of Massachusetts (for I think I represent them in the argument), I enter a protest against pledging this great work of improvement which it has taken so much time to secure.

Mr. Allen.—Won't you tell me what section of the bill allows the Tunnel to be mortgaged? There is no section in the bill which authorizes the mortgage of the Tunnel.

Mr. Derby.—I assume it from the terms of the bill.

Mr. Allen.—Your assumption is not founded upon anything which the bill contains.

Mr. Derby.—I will ask you whether the associated companies are not at liberty to incur debt and to issue bonds?

Mr. Allen.—They are not at liberty to mortgage the Tunnel.

Mr. Derby.—Will you answer my question? I have answered yours.

Mr. Allen.—Do you not know that the supreme court of Massachusetts have held that a railroad has not authority to mortgage its franchise?

Mr. Derby.—I do not say that it can make a formal mortgage, but I say that it has a right to incur a debt; it mortgages the property to pay it. The creditors have a remedy against the property. I do not think express and positive power is given to mortgage the Tunnel; but the bill virtually gives authority to mortgage it by giving the corporation au-

thority to incur a debt. When the question of making a state loan to the Western road first came up it was argued by the late Mr. Hallett, and I could not reply to it except by admitting the fact that by granting a loan the State was mortgaged. I say that under the bill there may be a virtual pledge of the Tunnel. It is made the basis of credit, on which money is to be raised, and if that does not amount to a mortgage to the creditor, I don't know.

Well, gentlemen, they say that a debt is not a mortgage. It calls for interest; it may exclude the stockholders. The Fitchburg Railroad Company do not wish to have their property put where needy companies can pledge it. They cannot favor any such arrangement, and they hesitate to entrust this property to the care of those parties who are asking for power under this bill to which I will presently advert.

I pass less material points, and now draw your attention, gentlemen, to the defects of the bill, or to some of the most glaring defects. The bill provides, as I understand it, that until the new company is organized and fully consolidated, there shall be chosen three directors on the part of the Vermont and Massachusetts road, three on the part of the Troy and Boston road, three on the part of the Fitchburg road, and there may be four appointed by the State if it goes into the consolidation; and full power is given to these directors to expend money for improvements. They may put down double tracks upon the whole line; they may do whatever they please; these directors are omnipotent. There are six directors representing inferior interests; for the Fitchburg property is seven millions, the Vermont and Massachusetts property is two millions, over and above its debts, and the property of the Troy and Boston is less than a half a million, over and above its debt. The two and one-half millions have twice the power that is conferred upon the seven millions; they can vote it down. The Troy and Boston and the Vermont and Massachusetts, one of them a foreign and the other a quasi foreign corporation, have the power to vote down the Fitchburg road, and if they could get one of the directors of the State to side with them, they would have a preponderance in power, in the whole vote of the company should it be joined by the State.

Now, gentlemen, I submit to you with great confidence that this is certainly unjust, unfair, and unsafe for us and for the State. It should not be permitted. Why should the power be taken from the Fitchburg road and confided to these gentlemen? What sin has the Fitchburg road committed? It began in extreme poverty. For one or two years the subscription to the stock stood at four hundred and fifty thousand dollars, and there was a clause in the charter that not a blow should be struck until six hundred thousand dollars was subscribed, and from month to month, as the directors met, as many stockholders died or left as were added to the stock list. The enterprise seemed to be upon its last feet. I recollect very well meeting with the directors one evening in a gloomy room at Earle's Coffee House, when Mr. Crocker rose from his seat and went to the mantelpiece, where two tallow candles were burning with a flickering light, and blew out one of them, suggesting that the road could afford but one candle in its condition at that time. It had no Boston stock list; Bostonians did not come to its aid. I think I was the only Bostonian on the directors, and perhaps if I had not held a farm out in Middlesex County, I might not have been there. I *was* there, I am happy to say, and did what I could to uphold the spirits of my associates. But finally that prince of contractors, Belknap (let me speak of him with respect, for he is no more), came forward and subscribed the remaining one hundred and fifty thousand dollars for the stock, and the road went on. I went out to England with Mr. Crocker, and bought the iron for \$18.75 per ton, and when it reached Boston, the duty was more than the cost of the iron at the time when we purchased it. But we bought it cheaper than any road in New England had ever bought its iron down to that period. The road grew up in poverty. It was made a surface road; it followed the river's bank; it was a cheap road; its iron was cheap; there were no profits for the directors in that road; no sacrifice upon its bonds or stock. It gradually built up a business. The business was carefully estimated in advance. I signed with Mr. Crocker the first estimate of business, which was two hundred thousand dollars a year. I signed the first report after the road was finished, and I think we reported an income of two hundred and one thousand

dollars, within one per cent. of the estimate of those who built it. Since, gentlemen, the business has been gradually built up to \$1,330,000, the income of the past year, by thrift, economy and caution. The Fitchburg, instead of watering its stock like the Troy and Boston, has put in, chiefly from income, two millions, perhaps three millions, in purchases and improvements, which have been consolidated into the road. It has thus made a basis for consolidation. Now, gentlemen, when a road has pursued that course, attained that credit and that strength which the Fitchburg possesses, are you going to punish it by yoking it with a help-meet at the other end of the line, and give the same power to the road out of the State that you give to the Fitchburg at home, a road belonging to the country people of Massachusetts? Are you to take away the dividends from the widows and orphans, who represent many an original stockholder, for the purpose of benefiting lines out of this State? That is one of the questions which, I think, presents itself with great force to the Committee I have the honor to address.

I have but a few more suggestions to make. I have pointed out the principal objections to the bill. You will find other obvious objections, and I will not detain you by indicating them here. Let me suggest that I want this enterprise to start in strength and not in weakness. The terminal point of this line is not at the Tunnel nor at Oswego. I can see before me in the future this line consolidated further on with the road along the shore of Lake Ontario, the contract price for which, with the rails laid, is twenty-one thousand five hundred dollars per mile, a contract held by Mr. Phelps, who addressed you yesterday. It is a road that is to extend across Canada, in connection with the Great Western. I can see these roads consolidated and forming hereafter one line, to reach Chicago by the Michigan Central, a Boston enterprise. I see them in the future consolidated into one. I can see them in the future, gentlemen, reaching the North Pacific road and forming a line to the Pacific. Why should not we have a line to the Pacific? Why should Philadelphia and New York have their lines to the Pacific and Boston not have her line also? Begin this in weakness and you lose it; begin it in strength, and you secure it for the future, and make

Boston the terminal point on one side and Puget Sound the terminal point on the other. Lay the foundation for great success. Go in strength, I say again, and not in weakness, for the commerce of the continent in which Boston is destined largely to participate. If you are true to yourselves and true to Boston and true to the State you accomplish what should be accomplished. We are nearer to Europe than New York is. You are to take the laurels from New York and transfer them to Boston.

Now, gentlemen, I have brought my remarks to a close. I began with thirty-nine articles, as many as there are in the Episcopal Church, to which I belong. I have made some thirty-nine points, most of which I have submitted to you. They were my articles of faith; I have confidence in them. Let me close with the suggestion that your Committee remind me of a committee I had the honor to address for the tunnel loan at the commencement of this enterprise. At that time a highly respected gentleman from Springfield, Mr. George Bliss, for many years the President of the Western Railroad, was speaker of the House, and his intimate friend, Judge Warren, also an intimate friend of Mr. Swift, of the Boston and Albany line, was President of the Senate. They gave us the committee, which reported a state loan for the Tunnel, and when I addressed them I took the liberty to say, at at the start, that I was led to believe that many of them did not favor the enterprise which I advocated; but, said I, "It gives me great pleasure, gentlemen, to address you. I do not wish to address those who go for this enterprise; I wish to address those who are opposed to it." Now, I see that the State in its wisdom (and I have no doubt it has acted very wisely) has selected the chairman of this Committee to represent its interests as State Director in the Boston & Albany Railroad. I am satisfied they have made a very good selection. I am very happy that they have made that selection; but when I found a gentleman so prominent in connection with the Boston and Albany Railroad, at the head of our Committee, I venture to suggest my hope and belief that all minor interests will subside when the great interests of Massachusetts are in question. I shall look to that gentleman, if our agreements are sound, as I believe they are, to favor in

his report the consolidation of stronger lines than those now presented to this Committee.

Mr. Bates.—Do you put the Boston and Albany road into the consolidation.

Mr. Derby.—No, sir. I think that is unnecessary; they are now doing very well as they are, and are entitled to very great credit for what they have done.

Judge Thomas.—If it is not improper, I should like to ask you one question—you have made thirty-three points here—and that is, What does the Fitchburg Railroad propose to do? Is your measure confined to the consolidation of the Fitchburg and the Boston and Lowell roads, or does it comprehend and include the Fitchburg, Vermont and Massachusetts, Troy and Greenfield and the Tunnel, to the New York line?

Mr. Derby.—The extent of the project, I am instructed by my clients, will be opened to you by assignment a day or two hence. We will then give my brother all the details.

Judge Thomas.—We want an opportunity to reply.

Mr. Derby.—I certainly have stated to the Committee, and I will state again now, that we do intend to take in more railroads in Middlesex County. Perhaps we may include all of them. At any rate, my point is that we want a larger consolidation; the extent of it will be fully presented to this Committee on the day assigned for the hearing.

Judge Thomas.—Is not the real fact now, that all you propose is a consolidation of these two roads?

Mr. Derby.—I have already answered you.

Col. George.—Next Tuesday morning we expect to present our plan in detail, so far as that plan is connected with this hearing. I do not think my brother Thomas will find the least difficulty in the world in understanding the plan.

Judge Thomas.—We present a definite plan to the Committee, representing as we humbly suppose, not only the interests of the roads to be consolidated, but the interests of the Commonwealth. Now when you come here and say that that is an unreasonable, unjust or unwise request, or an unfair project, follow the doctrine of the courts and give us a better writ before you abate ours. Show what project you have in view that will subserve the interests of the Commonwealth better than this line, and not, after you have been

making thirty-three points upon the subject, say you have no definite project to present.

I think that we have a right, in presenting this proposition to the wisdom of the Committee, not caring about details, seeking only the accomplishment of one great purpose—we have a right to know precisely what you propose to do. On the other hand to defeat it. Whether you intend to combine with the Boston and Lowell, and the Fitchburg roads, and then hold all these other roads with the Tunnel in the grasp of your hand. Now I want a definite answer.

Col. George.—I will make a perfectly definite answer to that question so far as the Boston and Lowell road is concerned: that the project of the Boston and Lowell and Fitchburg roads, for the consolidation and development of the tunnel line, and other lines in connection therewith, will be presented next Tuesday for a public hearing before this Committee, and at that time an exact bill will be presented, and the exact facts stated before the Committee, showing exactly what these roads propose. It is a great deal easier for the bill to speak for itself, than it is for any gentleman to get up here and state in general terms the effect of that bill.

I will say that I think the past history of the Boston and Lowell Railroad, at least as far as the legislature of Massachusetts is concerned, will show that it has done quite as much for the development of the commercial and material interests of this Commonwealth as any other road that is limited to twenty-six miles. It presents to-day, before the people of this Commonwealth and before this legislature, twenty-six miles of road as the basis of its operations, and better terminal facilities than any two roads combined which end in the city of Boston. And let me say, Mr. Chairman and gentlemen, in this connection (because I do not propose to present at this time, the petition on suggestion of the Boston and Lowell road), that with a view to the understanding of this case, I would be glad if this Committee, at some time between this and the hearing on next Tuesday, would get into the hacks which will be provided, and examine personally the facilities of the Boston and Lowell road, and the Fitchburg road, and of any other road that they may desire to examine, in order that the Committee may pass, upon their

own personal information, upon one of the material questions which are to be passed upon in the consideration of any bill to be reported by the Committee, namely : how can terminal facilities be afforded which shall be sufficient for the business of the smallest amount which it has been suggested can be accommodated by this Tunnel route. I suppose that the first and the great question, How are you going to take care of their business? because if you shall bring over the Tunnel route the thousands and millions of tons of freight suggested, you must have a place to put that freight when it reaches Boston ; and you must have a place to put that freight before the freight is brought. And if it shall appear here to you that under the bill here suggested, there are no terminal facilities commensurate at all with the business suggested, if it shall appear to you that in order to get these terminal facilities, an expenditure of ten or fifteen millions must be incurred, and that if you had the money, the places where these terminal facilities could be purchased are occupied by other parties,—these considerations are worthy of being carefully examined by this Committee. As I say, I do not propose at this time to make any opening of the case of the Boston and Lowell road. That case is assigned for next Tuesday, and my brother, I have no doubt, will possess his soul in patience, and then he shall be informed so that “he who runs may read.”

Judge Thomas.—Mr. Chairman : I addressed a question to the counsel of the Fitchburg Railroad. I do not understand that the Boston and Lowell Railroad appear in this controversy. I am glad to see that they have an interest in this question. But what I say is, is it fair—and that is the point I address to this Committee—that we who appear here to support in the best way we can this project, should not have an opportunity to consider and reply to any project whose immediate and necessary effect is to defeat this project? And that is the reason why I put their question to the counsel of the Fitchburg Railroad, whether in point of fact the project which they have in view has any other object but the consolidation of these two lines, the Boston and Lowell and the Fitchburg, or whether it is intended to include and em-

brace the other lines upon this route? I get no answer to the question.

The Chairman.—I understand that Mr. Derby appeared on the part of the Fitchburg Railroad, in opposition to the petition now before this Committee. Have you any evidence, Mr. Derby, that you wish to put in?

Mr. Derby.—I propose to put in the report of Mr. Edwards, and perhaps one or two other documents. I shall put in no other evidence, not having seen the bill which it is proposed to put in next Tuesday. I do not care to commit the gentlemen by any statement in regard to it. I believe I have shown that the petitioners in the present case come with no terminal facilities, with no docks or wharves, and that we can furnish them. We think that whatever is in the county of Middlesex is at our command, whatever the Committee shall deem essential. There is no evidence, I believe, sir.

The Chairman.—Are there any other parties here who wish to be heard in opposition?

Mr. Barker.—I understand Mr. Derby in his twentieth point to say that Commodore Vanderbilt and Mr. Chapin had a personal interest in the bridge at Albany?

Mr. Derby.—I spoke of it as probable. I have no information positively in regard to it.

Mr. Barker.—You don't state it as a fact, but as probable?

Mr. Derby.—I don't state it as a fact that they have a personal interest in the bridge. I know that they have an interest in the railroads as stockholders. Commodore Vanderbilt has an immense interest in the New York Central line, as a stockholder, and Mr. Chapin has a large interest in the Boston and Albany road. I do not state it as a fact, because I have not sufficient information upon it. I did state and I state again that I think the toll upon that bridge would be sufficient for the Tunnel to make enough to pay the interest upon its cost.

Mr. Bates.—I understand it to have been put in evidence by Mr. Robinson that this bridge was owned by four corporations, so that there are no stockholders except the four companies.

Mr. Robinson.—There are not four companies. The New York Central took one-half, the Hudson River one-quarter, and the Western road the other quarter. They are all owned by one corporation. The subsequent consolidation of the Central and Hudson River roads, now puts under the control of that consolidation, three-quarters, and Mr. Chapin, of the Boston and Albany, controls one-quarter.

Mr. Barker.—Which is it, Mr. Chapin or the Boston and Albany?

Mr. Robinson.—I suppose it was originally assigned to the Western Railroad, and the consolidation carried it to the Boston and Albany line.

Col. George.—Have there been no individuals interested in it?

Mr. Robinson.—I think no further than to comply with the law.

Col. George.—Is the bridge corporation across the Hudson at Albany an independant corporation, and is it represented by its own stock, or did these roads contribute towards its construction?

Mr. Robinson.—It is a bridge owned by a private corporation under a special charter.

Col. George.—Then the bridge corporation across the Hudson is an independant corporation of itself?

Mr. Robinson.—It is an independant corporation owned by two railroads.

Col. George.—Its interests are represented by stock precisely as one railroad company purchases stock in another road, and in that way hold an interest, that stock being liable to be bought and sold at any time parties choose to buy or sell it.

MR. SHATTUCK'S ARGUMENT.

In behalf of the Massachusetts Central Railroad I will say we are not prepared to present to-day any scheme. There is one project presented here in behalf of the Vermont and Massachusetts Railroad; we are promised by the Boston and Lowell another project on Tuesday next, and we of course cannot be expected to devise any scheme for our protection and the protection of the towns through which our road runs, until we

know what those projects are. And if I may be allowed to differ from the counsel who represents the Vermont and Massachusetts road, it does seem to me that it is incumbent on them when they come here and ask that this Tunnel may be granted to them to devise a project, to present a scheme. When I made some objections the other day to the only clause in his bill affecting the Tunnel, my friend, Mr. Bates, said, "We don't care about that; we only ask you for something fair and reasonable." Now I insist that it is incumbent upon them to present the project which is fair and reasonable in its details; and the other counsel here, who represents the Vermont and Massachusetts Railroad, in his question just now to the counsel of the Fitchburg, said, "We come here and ask this, not caring about details;" that is the precise language,— "not caring about details." I beg to submit, in behalf of the Massachusetts Central road, that before this Tunnel goes out of the hands of the Commonwealth we *do* "care about details," and we consider that it belongs to those who propose to grasp it to "care about details," and show exactly how the people of the Commonwealth are to be protected.

As I have before stated, we are not prepared to furnish details, but it seems to me there are some considerations of fact, presenting themselves at the outset, which show conclusively that the Commonwealth cannot properly and safely now part with its interest in, or control of the Tunnel; and I wish to come at, as nearly as possible, the exact facts. It seems to me that they show that it is neither for the interest of the Commonwealth nor the interest of these roads, that the Commonwealth should part with it.

The cost of the Tunnel and connecting lines owned by the State was estimated by the state auditor last year as \$12,792,-233.87 on the first day of March, 1874. Now the contractors have six months margin in building it. I understand that they will not be able to complete the Tunnel until some time after the first day of March, 1874, and nobody can suppose that the Tunnel will be opened for business for months after that time. I therefore assume that a fair cost for the Tunnel and the connecting roads, before anybody can realize a dollar from it, will be quite fourteen if not fifteen millions of dollars. Putting aside two millions for the constructing roads, we have

twelve millions as the smallest estimate of the actual cost of the Tunnel, before it comes to be available. The auditor says in this report, which was made to the legislature last winter, that these estimates have been hastily made, but he believes that they will be found tolerably correct. That is the highest authority we have. Now what is the value of this Tunnel, as nearly as we can ascertain it? Mr. John W. Brooks and his associates, as commissioners of the Commonwealth in 1863, upon whose report the Commonwealth decided to go forward, stated that it would reduce the cost of transportation of freight from the Hudson River to Boston ten per cent. And it does it in this way: The Western line is 200 miles long; by building the Tunnel it is possible to make a line 189 miles long. Then, in consequence of the reduction of grades, there is a saving in the cost of hauling. Put these two together, and they say the actual saving will be ten per cent. on the cost of transportation from Boston to the Hudson River. Now what is the cost? This, I take it, is the best possible estimate that can be obtained. I have never heard anybody modify it, and I say it is the basis upon which the State has acted up to this time. The cost of transporting a ton of freight, according to Mr. Appleton's statement the other day, upon the Boston and Albany road, with all its facilities, and after all its reductions, by economical management is $6\frac{4}{10}$ mills per mile, making the actual cost of hauling a ton from the Hudson River to Boston \$1.28; and of course it is saved only in case it is hauled the whole distance. Therefore, upon the estimates of Mr. Brooks, the actual value of the Tunnel to a competing road should be $12\frac{8}{10}$ cents upon each ton of freight hauled through, and we all agree that the purpose of the Commonwealth is to have this Tunnel bring to tide-water, and the towns in the interior of the State, the products of the West, and send our manufactured articles back again. Upon that theory of its value it will require a freight business more than four times as large as that which is now done by the Boston and Albany Railroad to pay six per cent. on this cost of the Tunnel, and this competing line must not only be able to do four times as much freight business as the Boston and Albany road, but it must do it with equal facilities. The cost of transportation upon the Boston and Albany road, I

find by an examination of their reports, has been reduced something like thirty or forty per cent. within the last three or four years, so that unless this new road from Boston to the Hudson River can do its freight business at the lowest possible cost, with all the facilities of the Boston and Albany road, this Tunnel can never compete with the Boston and Albany road.

What follows from this? If this Tunnel is given to any line extending from Boston to the Hudson River, the only value of the Tunnel to that line will be measured by the amount of freight which that line can bring through it. Now it is a physical impossibility for the Vermont and Massachusetts line, standing as it does, to bring freight enough through that Tunnel within the next three or five years, to enable them to pay the State the interest on a million of dollars. If, therefore, the Tunnel is transferred to this Vermont and Massachusetts line to-day, at a price of more than one million dollars, it makes that line poorer than it is without it. If you transfer it to that line, the State must take either a debt in compensation for it, or it must take stock. If you take stock, and they give you more than the value of a million of dollars, I say the line is the poorer for it, because they cannot do business enough through it to make it pay. If you put that Tunnel in at a value of twelve millions of dollars, the cost of it, you saddle them with a burden which that connecting line cannot carry; you swamp it. What follows from that? Either the State must give to this new line this Tunnel at a nominal price, or it must, in effect, destroy the value of the Tunnel by weakening it so that it will never have resources to do the business which the Tunnel demands. Of course this argument does not apply with quite so much force to the stronger consolidated line, but in my judgment it does apply with great force. The consolidation of the Boston and Lowell and Fitchburg roads together could not carry the Tunnel at anything like a proper valuation. If the Fitchburg and Vermont and Massachusetts could make it worth \$1,000,000, the Boston and Lowell and their roads might make it worth \$2,000,000; but any corporation that can be created that is obliged to take the burden of this Tunnel upon it at anything like a fair valuation, would find it ruinous.

The result, it seems to follow conclusively, it appears to me, is that the Commonwealth of Massachusetts must either part with this Tunnel at a nominal value, which would be unjust to every part of the Commonwealth, except to the corporations benefited by it, or it must hold it, and the Commonwealth being the stronger, it can hold it at less cost than any other party in the Commonwealth. It seems to me to be clear beyond question that it should hold it, and there may be a time within twenty years, if our traffic goes on developing, that the Commonwealth will be in a position either to hold it or part with it to a corporation under such circumstances that a fair income upon the cost can be realized.

It does not follow from what I have said, that the Tunnel has not been wisely built, but it does follow that when the State has found it necessary to take upon itself the burden of the cost of it, it should not be parted with until the development of the resources of the Commonwealth is such that the State can part with it at an adequate or reasonable value.

One of these questions, and it seems to me the only one to be considered here is, will the holding of the Tunnel by the Commonwealth tend to obstruct business?

I do not stand here to oppose, as has been represented, any reasonable project, and if it is not possible for the Commonwealth to secure the greatest practical efficiency of this road, without parting with it, it must result in this: that the Commonwealth must give away the Tunnel; but so far as I have been able to learn there is no practical difficulty whatever in keeping the Tunnel in the hands of the State, and doing all the business that may be required. And these connecting lines consolidated, the Troy and Boston, the Vermont and Massachusetts, and the Fitchburg will be stronger lines without the burden of the Tunnel than with it. The State can give them such facilities in the use of it,—strong as it is, not burdened in any way by the necessity of raising money at high rates of interest,—the State can give them the advantages of the Tunnel, so that they will be stronger without it than with it.

Now I suppose any scheme by which the Commonwealth retains the Tunnel must include the few miles of road this side. The track down Green River towards Shelburne Falls,

is such that it would be impracticable to have another road there. Any scheme, therefore, connected with the Tunnel, must include this road. Now there seems to me to be no difficulty whatever, and I have been to two railroads experts, —men of the largest experience in these matters—to ascertain if there is any practical difficulty in having that line run by the Commonwealth or by an independent corporation, established by the Commonwealth. I do not present here, and I wish it distinctly understood, any definite scheme. What I do say is, that this Tunnel must not be consolidated with those roads. Whether the Commonwealth shall control it directly, or through a corporation, or how, I leave open for further consideration. But there is no practical difficulty, as I have said, in running the road in that way; and wherever there are bridges, the general practice has been, not for one corporation to claim the whole of the bridge, but for different corporations, or independent corporations to hold and control them. The Quincy Bridge, across the Mississippi River at the Burlington terminus of the Burlington, Quincy and Chicago road is owned by a private corporation; the stock is owned by individuals, and the bridge is leased by three roads that terminate there, namely, the Hannibal and St. Joseph, the Wabash and Western, and the Burlington, Quincy and Chicago. They lease it, and they make whatever arrangements they choose for using it. So it is with the bridge at Burlington, at the other terminus of the Burlington, Quincy and Chicago road. That bridge was built by the corporation and owned by them, but they soon found that under the law they could not claim any exclusive control of it, and therefore, voluntarily, they have allowed a rival and competing road to come in and have equal advantages, not only in the use of the bridge, but that part of the road that is in the neighborhood of the bridge. So in regard to the bridge over the Hudson River. As has been stated here, that bridge is owned by three corporations. And there has been no suggestion made here, I hear no suggestion made anywhere, that it is not practicable to secure the greatest efficiency in the use of this Tunnel, at the same time that the control of it is kept independent of this consolidated line.

Now if these views are correct, what follows? In the first place, that the State cannot part with this interest, unless at a nominal sum, or without defeating the purpose for which these consolidating roads seek to be consolidated.

There have been presented to the legislature and published in the newspapers, a large number of petitions in favor of consolidating this line, including the Tunnel, from the merchants of Boston. Now so far as I can understand the purpose of the merchants, of Boston, it is this: they ask to have a single corporation responsible for the transportation of their freight from Boston to the Hudson River, so that if there are overcharges they know to whom to apply for redress; if property is lost they know on whom to throw the responsibility; and they also seek the greatest efficiency in the transportation, which undoubtedly cannot be secured on four or five independent lines. Beyond this the merchants of Boston have no interest in this matter and if these objects can be secured by keeping the Tunnel independent, I have no doubt that it would be the unanimous opinion, not only of the merchants of Boston, but of all the citizens of the Commonwealth, who have an equal right to be heard in this matter, that the Commonwealth should not part with this Tunnel.

Again, all that I have said in this matter is based upon estimates and upon computations, it is true, made by the wisest men with the longest experience in this class of business; but they are, after all, but estimates. This Tunnel certainly will not be completed in less than eighteen months; probably it will not be open for two years.

Mr. Bates.—It will be open next July.

Mr. Derby.—I think it will be opened in the spring.

Mr. Shattuck.—I will state just how it is. The contract requires it to be finished on the first of March, 1874. The contractors have obtained with the consent of the governor and council, six months lee-way. I understand that they do not expect to call for the whole of that six months, but they do expect to call for a considerable part of it. If six months or a considerable part of that time is added to the first day of March, 1874, it gives us pretty nearly eighteen months.

Mr. Derby.—At their present rate of progress the Tunnel will be through in the month of October or November. It will take a little time to run it out, but I do not entertain a doubt that by the first of March next the Tunnel will be in operation.

Mr. Shattuck.—Perhaps the information of the counsel for the Fitchburg Railroad is better than mine. I can only say that the contract calls for the completion of the Tunnel on the first of March, 1874, and they have six months longer. I have been informed that they will require some part of that. But at any rate, thirteen months is the shortest time that anybody suggests; give them the benefit of that. It is now fifteen years since the first loan was effected for this Tunnel, and eighteen years since the first Act was passed by the State providing for a loan to this Tunnel, and I say after all this time has been spent, after all the controversies we have passed through as to the value of this Tunnel, all the estimates that have been made and all the arguments that have been listened to, in the legislature and out of it, from my friend who represents the Fitchburg Railroad, and from those who oppose it, for the Commonwealth to leave the commissioners the value of this Tunnel, before a car has ever passed through it, before we have any evidence of its practical value in any way, unseasonably, prematurely as it must be,—would seem to me to disregard the plainest principles of common sense which ought to control the judgment of business men. Wait. Is there any reason why we cannot try it, why we should not have the benefit of at least one year's experience in the management of it, before the Commonwealth forever parts with the control? Why, when I read the bill presented by the other side, giving them exclusive property in this Tunnel, giving them a right to charge our road—of course I do not charge them with presenting it now, but that is what they presented to the legislature in the first instance—giving them a right to charge our road a price based upon the actual cost of the Tunnel, and saw that the legislature was asked to pass this bill a year before the Tunnel is opened, before anybody knows anything about its practical value,—it seems to me to be one of the wildest schemes ever presented either by the Vermont and Massachusetts or the Fitchburg Railroad, or

anybody who has ever been connected with it. The Massachusetts Central Railroad and the towns along its line have absolute confidence that this legislature cannot and will not commit itself to any such claim.

I have presented these considerations now, and I do not care to put in any evidence, but at the same time, I wish to reserve, with the consent of the Committee, the right to present any other scheme, or to put in our case at any time after the other roads have brought in their schemes, and when we know in what way they are to affect us, and particularly after the Vermont and Massachusetts road, which comes here with this scheme, does begin to care about details, and does show us some way in which they are to hold this Tunnel.

The Chairman.—Are there any other parties who wish to say anything in regard to this matter?

Mr. Bates.—I want to ask Mr. Richardson to explain the statement which was made by him, which has been referred to, with reference to the proposition of the Fitchburg road, whether it was not declined on public grounds, and not on the ground that it was not acceptable to the Vermont and Massachusetts road.

DANIEL S. RICHARDSON—Recalled.

Mr. Bates.—You stated the proposition was made by the Fitchburg road, that they should be guaranteed eight per cent. dividends on four millions of dollars, and, as it was read in the testimony, your board of directors declined it. I did not so understand it. Was there any action by your board upon it?

Mr. Richardson.—There were committees. The subject, of course, was all unconsidered, and there were committees of the two roads to consult upon the various plans presented on this subject.

The subject took various forms. In the meeting with the Fitchburg folks they seemed reluctant to go into any arrangement; but in some of these meetings it was announced, by Mr. Stearns, I think, that they could carry the Fitchburg road, provided they could procure the preferred stocks; that, as I understand his statement, was the proposition that they would accept. I did not understand it in the nature of a

proposition, but it was merely a suggestion. There never was, as I understand, any proposition from the stockholders; it was nothing more than a statement made in the course of a negotiation. So far as our directors were concerned, it was not submitted to them in any form or shape. They did not take that among the suggestions that we were considering. I recollect that I said that that was a matter worthy of very serious consideration, because they had a valuable property and were earning dividends for themselves, and there was some reason in it. On looking it over in my own mind, I said, "Well, to the question of our road; we are earning four per cent.; we have a road that is yielding dividends; why should we sink that four per cent. any more than they should sink their eight per cent.?" Then the question came, What will the Commonwealth do? They cannot let us have four per cent. and eight per cent. and come in and make nothing for themselves. It would be rather a hard matter to be carried out, as far as the Commonwealth was concerned. At an interview with the committee of the directors of the Fitchburg road, at which Mr. Robinson and others were present, Mr. Stearns repeated that if we had gone on and carried out the plan, they might have carried out that arrangement. I understood him to say that it was too late then; that he could not go on with it at that time, because he was considering other matters. I do not understand that that subject was presented formally at any time. It came in with various other suggestions in the case, which were considered from time to time.

Mr. Goodrich.—You were never ready to bind the company by any actual formal proposition on either side; but you remember the proposition, do you not, as presented in good faith by the committee of the directors of the Fitchburg road as a basis for negotiations?

Mr. Richardson.—No, sir; I regarded it as a consideration presented to us which might lead to further negotiations. I regarded it as a matter of discussion. It was certainly never presented in any form from the directors or stockholders of the Fitchburg road, nor was it rejected or adopted by our board. It was not acted upon.

Mr. Goodrich.—Did you make the suggestion that possibly you might guarantee a portion of it, if not the whole?

Mr. Richardson.—I had it in my own mind; I had two or three plans that I resolved over: Suppose you give them six millions and a half, which would be about \$1.50 per share more than market value? Suppose you give them four millions, at five or six per cent.; suppose you give them bonds with interest; suppose you give them a five or six per cent. preferred stock, and then give them the right to change that stock into common stock when it would pay better? It seemed to me there were difficulties in the way, and it never came before us, and was not acted upon in any way.

Mr. Goodrich.—You do not wish to change your testimony, that your directors did consider the matter of allowing the Fitchburg to come in as preferred stock, and that they desired it?

Mr. Richardson.—Well, so far as declining it is concerned, I don't think they did. We talked about all the various plans, this plan that is here presented among others, but everything fell to the ground.

Mr. Goodrich.—In your answer you say, "Our directors declined having the Fitchburg go in as preferred stock, in a concern of \$20,000,000. They thought they had better not ask it for themselves, for they were going to make a prosperous line for all time." Do you wish to change that?

Mr. Richardson.—I do not think the Fitchburg folks ever placed the direct proposition before us to act upon.

Mr. Goodrich.—No; but your road declined to entertain the suggestion?

Mr. Richardson.—No, sir; we talked it over and over again; but we did not adopt that; we adopted the other.

Mr. Bates.—Whether there was any consideration leading you to think that that proposition might embarrass your plan?

Mr. Richardson.—In my own mind it seemed to me it would be placing our right to protection ahead, and leaving the rights of the Commonwealth in the Tunnel to take care of themselves. It seemed to me, personally, better that all the roads should stand alike before the Commonwealth.

Mr. Goodrich.—But the other day you suggested as a reason why you thought that proposition ought not to be

entertained, that you thought they ought to be willing, in consideration of the prospects of the road in the near future, to sacrifice their dividends for two or three years, which was all, in your judgment, that would be required?

Mr. Richardson.—I will say that my testimony was not exactly as it lay in my mind. I gave my reasons when you asked me, if I thought they ought to give up the 8 per cent. That was my view. I thought 8 per cent. for two years was a very little matter for a railroad that was to exist for all time, and was going to develop their business to a very large extent. I think you will find, if you read the question, that I was asked to state what I thought.

Mr. Bates.—Whether you would agree with Mr. Cumstock, that the profits of the Tunnel business would largely depend upon having, in the future, an independent connection with the lake, instead of being obliged to connect with the New York Central at Albany.

Mr. Richardson.—I have no doubt that if a road was built through that country it would be a further advantage. But then the West has made a vast amount of business that is seeking the seashore, and Boston offers it so much better facilities that, in my judgment, you would do the business.

HON. W. W. RICE, OF WORCESTER.

I merely desire to retain my standing before the Committee, and not by silence lose it, not deeming that the interests of the section I represent would justify me in occupying any time in addressing the Committee. I represent the interests of Worcester, and of the Boston, Barre and Gardner road. We cross the Massachusetts Central, and we desire the Commonwealth to preserve our rights in the Tunnel. We shall be able to reach the Tunnel by either of these roads,—the Massachusetts Central or the Vermont and Massachusetts, if the Massachusetts Central should reach the Tunnel in some way,—and what we desire is, that by the Commonwealth retaining the Tunnel, our rights in it shall be guarded; or, that in the bill which shall be presented for consolidation the rights of the connecting roads to *pro rata* tariffs shall be preserved.

AFTERNOON SESSION.

The Hon. Thomas L. Wakefield first addressed the Committee, and made the following remarks:—

Mr. Chairman, Gentlemen of the Committee:—I appear before this Committee especially for three different railroad corporations of New York, making a general line with what we may assume may possibly be done—that is, the consolidation of the Vermont and Massachusetts, and Fitchburg, and Boston and Lowell Railroads, and such other roads as may be requisite from the extension of that consolidated line through to Lake Ontario. To-day I desire to occupy the Committee mainly in putting in such evidence as we have here from the State of New York, relating to this particular road, and if I should have occasion to submit any argument or discussion, I suppose I may take the opportunity afterwards. The main line is one beginning at that point of the Troy and Boston Railroad which is usually known as Eagle Bridge, or near that point which is east of the Hudson River, at Johnsonville. One corporation covering the larger part of the distance, extends from that point through the counties of Saratoga and some portion of Herkimer, and thence to Salisbury. That is one road under the name of the Atlantic and Ontario Railroad.

Then there are two other companies, the lines extending from that point towards the lake, one reaching it at Port Ontario, and the other at Henderson Harbor, I think. Diverging from a point at Boonville, these two roads go on the same lines to Salisbury, which is about forty-three miles distant; then from Boonville they diverge—one to Henderson Harbor and the other to Port Ontario. I think you have had submitted to you the plan of the line covering the main part of this same distance. They run upon the same line from Salisbury, which is, as I have said, about forty-three miles; then they diverge, the one going to one of the points, and the other to the other point; the matter submitted to you the other day, covering substantially the same track from Johnsonville to Salisbury, and then a proposed divergence by way of Rome to Oswego. There is no part, therefore, between the two

parties as to that, although we shall submit to you that there are important reasons why one of the first two railroads, that is, to Sackett's Harbor or Henderson's Harbor, should be taken in preference to the one by way of Rome or Oswego. There is a common interest in all these roads from Johnsonville and Eagle Bridge and Salisbury.

I shall submit to you some evidence showing the character of the territory, the great importance of that territory so far as the productions are concerned, and the productions mainly north of that road, which would form a large proportion of the transportation of that road, and the connection that it may have with Ogdensburg, and through that connection with the far West. either by way of water communication or railroad communication, which is on the southerly side of Lake Ontario, then through Detroit and Chicago to the far West. So that the great question will be, so far as it bears upon the legislature of this State, considering the Hoosac Tunnel opening and the consolidation of the lines of railroad, to confer the benefit by not only taking the approaches from this territory, but the great amount of freight and transportation from the far West, and bringing it directly to Boston, instead of allowing it to pass over the New York Central and thence directly to the city of New York. Without discussing the advantages at this time, I desire now to produce the evidence upon this point. I will say first, however, that these corporations are in earnest in this matter, that they have laid out large amounts of money to procure accurate surveys, they having expended \$200,000 or \$300,000 already to get accurate surveys and accurate estimates of building the roads. This, as I have said, shows that the parties through that region are in earnest to join and aid the State of Massachusetts in carrying out the great benefit, in extending the tunnel roads, so that we may get all the benefit of the Western produce. The railroad that terminates at Port Ontario is called the Boonville and Port Ontario Railroad. Neither of the roads are yet built, but they have been incorporated under the general laws of New York. When these roads are ready to do what is necessary to be done, there is no doubt but that the necessary funds for building purposes will be forthcoming.

Mr. Wakefield then called as the first witness Mr. Edward Appleton, and questioned him as follows :

Q. Are you the consulting engineer of the road I have described?

A. Yes, sir.

Q. Will you proceed to state, Mr. Appleton, the feasibility of the road, and generally, so far as your knowledge goes, the building of the road, and the amount of money required to build?

A. I have written out what I have to say, and with the permission of the Committee, I will read it.

STATEMENT OF MR. APPLETON.

Four railway companies have been organized in the State of New York for the purpose of opening a way for Massachusetts to Lake Ontario. Each of the companies has done me the honor to appoint me their consulting engineer, and has placed in my hands their plans and profiles. Some 300 miles of the line have been surveyed, at a considerable expense. Nearly the whole of this country I have travelled through, for most of the distance very near the line of the surveys, and for half the whole distance with the plans and profiles in hand, so that I consider myself qualified to speak understandingly of the subject.

First, Is the Atlantic and Ontario Railroad, a corporation covering the line from Troy and Boston to Salisbury Centre, in Herkimer County, a distance as surveyed of $78\frac{3}{4}$ miles. This corporation terminated its line at Salisbury Centre, because it has been the settled conclusion of engineers, and the gentlemen examining the country, that whatever point might be adopted for the terminus on the lake the line from that point must necessarily come to Salisbury Centre. Beyond that point the three corporations have their distinct lines to the lake. There has been some question whether this portion of the general line should pass through Saratoga or Ballston, but, from what I have seen of the country, combined with the reports of surveys made for the Saratoga and Sackett's Harbor Railroad, it seems clear to me that this line through Ballston and by Saratoga Lake will be shorter, and have less rise

and fall, than the new northern line. The most costly portion of this line will be the eastern end, embracing the bridge across the Hudson River, about nine hundred feet long and thirty feet above the water. From Ballston to Johnstown the work is very light, particularly on the southern one of the two lines surveyed in this section. From Johnstown to Salisbury Centre there are a few miles of very heavy work, but more than half of this section is of light work; on some parts of the line the grades, as found by the preliminary survey, are heavier than I should advise, but on examination of the country it appeared evident that changes of the line could be made which would bring the grade within the limits of the line in Massachusetts, and would probably at the same time reduce the cost of construction. I have estimated the cost of this line, with a single track of steel rails, at \$2,600,000. For a double track I should add \$1,600,000, or more.

Second. The Boston and Henderson Harbor Railroad. This corporation covers the line from Salisbury Centre northwest to Boonville, about forty-three miles, and thence northerly on the Black River table lands, and then westward down the Sandy River Valley for some distance, then northerly again to the lake at Henderson Harbor, sixty-five miles from Boonville. This is a beautiful natural harbor, capacious enough for all the navigation of the lake and deserving all the encomiums bestowed upon it by gentlemen advocating this route. It is, also, well situated to attract business from Canada, being nearly opposite to Kingston. From Salisbury Centre to Boonville the line is somewhat expensive to construct, but not extremely so. From Boonville almost the whole way to the lake, the work is very light indeed, and for about fifteen miles the nearly-completed road-bed of a defunct organization can be used. For the last few miles approaching the lake the country shows limestone rock coming nearly or quite to the surface, increasing the cost. This line was surveyed on grades ascending east of forty-five feet, west fifty-six feet per mile. I estimate the cost for a single track, steel rail, from Salisbury to near Boonville, forty-one miles, at \$1,300,000, and for a double track at \$850,000 more. From this point to the lake, sixty-seven miles, I estimate for a single track, \$1,200,000, and for a double track,

\$1,000,000 more. The country from Salisbury Centre to Boonville is of rather light soil, and has not been settled so long as the other parts of the line, but farms and villages are numerous, and it is increasing in productiveness. From Boonville to the Lake is a very beautiful country, apparently as fertile as Western prairies.

Third. The Boonville and Port Ontario Railroad covers a line from Boonville to the north of Salmon River. Like most lake harbors, the natural outlet of the river into the lake has a bar across it. In former years some improvements were made here by the United States Government, but enough was not done, and what was done is now out of repair. Like the harbor of Milwaukee, on Lake Michigan, this should be opened by a straight cut of no great length, costing, perhaps, \$200,000. There are several channels in the delta of the river, which can be easily improved for docks and wharves, giving from one to two miles of wharf-front, with a depth of fourteen to eighteen feet of water. This line commences at a point south of Boonville, forty-one miles from Salisbury, and extends a distance of forty-eight miles to the lake. The terminus at the lake is twenty and three-quarters miles from Oswego, and twenty and one-quarter miles from Henderson, by a lake shore line. I should estimate the cost of this line at \$1,500,000 for a single track, steel rails, and \$1,000,000 more for second track.

Fourth. The Boston, Rome and Oswego Railroad, already represented here by Mr. Cumstock. This line was originally intended to cover the whole distance from the Troy and Boston Railroad to Oswego. Their surveys extended from North Bay, forty-seven miles east of Oswego, to a point north of Johnstown, almost thirty miles east of Salisbury. These surveys were made for a grade of forty feet in each direction. The line from Salisbury eastward by way of Johnstown, is, however, so very much superior to the more northern line, that this corporation will unquestionably connect with the first-named company at Salisbury. The first twenty-five miles from Salisbury west are of heavy work, though of easy material. From thence to Rome the work is lighter, and from Rome to North Bay it is very light indeed. From North Bay to Oswego it is proposed at first to use the

track of the Oswego and Midland Railroad, but a line like this we have in contemplation, should have a track of its own all the way. I estimate the cost of this line, from Salisbury Centre to Oswego, for a single track, steel rails, at \$3,000,000, and for a double track, \$2,000,000 more. This line will give the shortest connection with the all-rail line to the West.

I have endeavored to give impartially the characteristics of the several routes. My estimates are based partly upon the estimates made up by the several engineers, with additions for greater width of road and higher prices for the different kinds of work, and partly by comparison of the country as I travelled through, with other sections where I knew the cost of roads. The Vermont and Massachusetts Railroad costs over \$42,000 per mile for a single iron track, when the cost of work was less than it is now. It is true that a large part of either of these lines in New York is not difficult to construct, but it is best to have estimates large enough in the first place to cover all anticipated cost, instead of being obliged to double them afterwards.

Table of Distances and Cost.

	Distance, Miles.	Cost.	
		Single Track.	Double Track.
Johnsonville to Salisbury Centre, .	78.72	\$2,600,000	\$4,200,000
Salisbury Centre to Boonville, . .	41.37	1,300,000	2,150,000
Boonville to Henderson Harbor, .	67.18	1,200,000	2,200,000
Miles of road to build,	187.27	\$5,100,000	\$8,550,000
Boston to Johnsonville,	174.40		
Boston to the lake,	361.67		
Johnsonville to Salisbury Centre, .	78.72	\$2,600,000	\$4,200,000
Salisbury Centre to Boonville, . .	41.37	1,300,000	2,150,000
Boonville to Port Ontario,	47.96	1,500,000	2,500,000
Miles of road to build,	168.05	\$5,400,000	\$8,850,000
Boston to Johnsonville,	174.40		
Boston to the lake,	342.45		

Table of Distances and Cost—Concluded.

	Distance, Miles.	Cost.	
		Single Track.	Double Track.
Johnsonville to Salisbury Centre, . . .	78.72	\$2,600,000	\$4,200,000
Salisbury Centre to Oswego, . . .	98.50	3,000,000	5,000,000
Miles of road to build, . . .	177.22	\$5,600,000	\$9,200,000
Boston to Johnsonville, . . .	174.40		
Boston to the lake, . . .	351.62		

Mr. Wakefield.—Will you explain more particularly the greater advantages over this road than over the one proposed by Mr. Cumstock. I believe Mr. Cumstock thinks it would be better to take this road. His road went up about one hundred feet higher, and the profiles were decidedly unfavorable to the southern lines.

A.—I will say, Mr. Chairman, that I have increased the estimates very considerably over those made by the engineers of the lines, because I feared some of their prices went too low.

Q.—You have gone over the road?

A.—Yes, sir.

Mr. Derby.—In regard to these points of Port Henderson and Port Ontario, do they not lie to the north-eastward of Oswego?

A.—Henderson Harbor is about fifty miles farther up the lake.

Q.—How far from Oswego by line?

A.—The distance by the line to be built by the lake shore will be about forty-one or forty-two miles, and from Port Ontario a little over twenty.

Q.—In coming west, then, you would strike Oswego?

A.—Yes.

Q.—What developments have been made at these harbors? Is there much population or much traffic?

A.—No, sir; there is not much population at Henderson Harbor, and not much at present at Port Ontario. They are both *growing places* though.

Mr. West, the President of the Atlantic and Ontario road, was then called.

Mr. Wakefield.—Will you explain, Mr. West, as you please, the particular reasons and objects you have or desire in having this road connect with the road through to Boston?

A.—My associates and myself believe this to be a direct route from the Tunnel through to Chicago, by way of the lakes. I have an interest in Saratoga, being a manufacturer there. We at Ballston are subject to one railroad. We have no canal there, as they have farther north and farther south. We are subject to the rates they choose to charge us, and we think at times they are a little too high. We can ship from Boston to our place the commonest kind of freight for less than five dollars per ton, and we can ship our paper-boxes at present for less than eight dollars per ton. Well, we think that if this road should be built it would give us better facilities through to Chicago, St. Louis and Cleveland, and away back here to Boston. As far as the construction of the road and the cost of it is concerned, I know nothing. I am not a railroad man, only a manufacturer, and my idea is, if I were asked the question, I should by all means say, let Massachusetts have it. I have confidence in Massachusetts; let her have it. Let her run our road and we will give her all the help we can.

Q.—What is the nature of your manufactures?

A.—I manufacture paper and paper-boxes.

Q.—What about the amount of freight to go from that particular locality?

A.—Well, in the town I am located in, it is all manufactories, and it is probably the greatest town on the Rensselaer and Saratoga Railroad. We have ten paper-mills. The trade all centres in Ballston. We have an axe and scythe manufactory, cotton-factories and woollen-mills. There is a great deal of freight passing from Ballston to Boston, to and from each way.

Q.—What do you say to having this road connecting with Troy?

A.—I think it would be a very good idea to connect with Troy; but, nevertheless, I do not think this road should be

abandoned. By this road going through to the lake as proposed, and running down to Troy, it looks to me that the products of the West could be shipped to New York and Boston, and it would give us an outlet all through that country. I do not know of any other road to New York by way of Troy through to Boston. I think it would be the very best idea to take in Troy.

Q.—That would not be directly in the line of this road?

A.—It would be a little out of the line.

Q.—What of the advantages to Troy?

A.—They would be equal, if not superior, for the reason that it would make Troy independent.

Q.—How independent?

A.—Why Troy now is subject to one road. Then this would give Troy another outlet to the West. There is a road run to Troy now by the Rensselaer and Saratoga road, but it looks like a roundabout way.

Q.—What kind of agricultural products in your vicinity are transported to New York?

A.—Very large amounts of hay are sent, but I could not give you the amount. It is quite a large business, for the district produces large amounts. Then the county produces large amounts of rye and rye straw, but this is mostly used at home in the manufacture of paper.

Q.—Whether your company is organized under the statutes of New York?

A.—Yes, sir.

Q.—When was it organized? By the Committee.—And how long is your line?

A.—Seventy miles, sir.

Q.—Hear any of the stock subscribed for?

A.—Oh yes, sir; we had to subscribe to a certain amount before we could organize.

Q.—How much is that?

A.—I don't know exactly. Somewhere about a thousand dollars per mile. If you consolidate the lines leading to the Tunnel, and give us to understand you are going to take this road, I don't think there would be any difficulty in subscribing for the whole stock, and building the road. Our idea is to leave it to Massachusetts.

Q.—Have you no idea of the amount of business?

A.—Well, we expect about seven thousand tons of hay a year, and there are about twenty thousand tons of material, including coal and fuel sent over the road now, and this would go largely over this new road.

Q.—What advantage is it going to be to Massachusetts to build for you, to run your freight down to New York?

A.—Well, the advantage is this: that you can take freight both ways, and if you could make no communication with Troy you could not do it, it seems to me.

Q.—If this road were built and connected there, it would afford you facilities so that you would ship from Boston much more than you do now?

A.—Yes, sir; that would be quite an inducement.

Q.—Do you ship large amounts west?

A.—Well, we ship through to California about three hundred tons of material every year; to St. Louis we send about five hundred tons, and to Chicago some four hundred tons.

Mr. Bates.—How much do you send of your manufactures to Boston, or rather Massachusetts, every year?

A.—From \$30,000 to \$40,000 a year in value.

Q.—These are mostly paper bags, I presume. What proportion of your bags are made of jute butts?

A.—About half.

The Committee.—Then the building of the road will be simply aiding the manufactories of Ballston?

A.—No, I do not look at it in that light. It looks to me that you are constructing a road from Boston through the Tunnel and on to the West, and it seems to me that this road would need an outlet to the head of navigation, at New York also.

Q.—Well, but we have one road there now?

A.—Yes, but that would not conflict with us.

Q.—Does your proposed road run to Troy?

A.—No, sir.

Q.—That would have to be another corporation then?

A.—I presume it would, sir.

Mr. Wright was then called.

Mr. Wakefield.—Are you the Vice-president of one of these roads from Boston to Henderson Harbor?

Mr. Wright.—I am, sir. I live about one hundred miles west of Ballston, and our people are actuated there a good deal by the same influences that operate upon the people of Ballston in regard to the new road which has been organized, and also in regard to the opening of the Tunnel. We are suffering from the New York Central Railroad, and we are endeavoring to get something that will help us along a great deal better. Our company has been organized, and has a legal standing. In our vicinity we are nearly entirely devoted to agricultural pursuits. We have a large amount of water-power there, but we have no means of transporting to make it as valuable as it might otherwise be. Hence we are entirely devoted to agriculture, and have to carry our produce five or ten miles to some channel of transportation. I have with me some statistics relating to the population of the towns in the various counties through which this road is proposed to be run. These figures are taken from the census of 1870 :

Productions.

The census of 1870 gives the following statistics for the towns between Booneville and Lake Ontario, at Henderson Harbor, and relates only to those towns interested in the proposed line of road.

Population,	35,558
Cows,	47,953
Butter,	2,652,660 pounds.
Cheese,	8,890,065 pounds.
Hay,	146,571 tons.
Grain,	1,044,976 bushels.

With an aggregate value as given by the assessors for the last year of \$21,845,200.

Contiguous towns are equally populous, productive and wealthy.

This covers the sixty-seven miles spoken of by Mr. Appleton, from Booneville to Henderson Harbor. The contiguous

towns are equally populous, and in as healthy a financial condition.

Mr. Wakefield.—You have only given the towns through which the road runs?

A. That is all. The contiguous towns are nearly if not quite as populous. As we continue towards the lake the contiguous towns become more populous and more wealthy.

Q. Is that territory cultivated, or is it wooded?

A. Cultivated, sir. There are some woods there, of course. I might remark, also, that this line intercepts all the business of the northern part of New York to the New York Central, as far north as Ogdensburg. The whole of it passes across this section of the country, and the intermediate places between this line and Ogdensburg, one hundred and fifty miles distant. It would bring you into close connection with a large portion of Canada, comprising a territory of two hundred miles right east and west, and as far north as you please to go above Kingston.

Q. How far is Kingston from Henderson Harbor?

A. About forty miles by water. I have a number of letters with me from captains of vessels and from shippers, which I would like to put in here, all speaking of Henderson Harbor as one of the finest on the lakes.

Q. How near to Sackett's Harbor is Henderson Harbor?

A. It is about eight or ten miles west of Sackett's Harbor.

Q. How do the two compare?

A. At Henderson's Harbor the water is much deeper, and there is more room in it.

Q. But Mr. Derby put in a report from Mr. Edwards, who seems to think Sackett's Harbor was not a proper place for termination?

A. If it was desired to give some evidence upon the harbor, I will do it. I have letters from Denton Kenney, master of the vessel Idaho, O. V. Joiner, captain of the steamer Oriana, E. White, captain of the vessel Granite State, E. A. Pearson, pilot of the revenue-cutter Chase, and many other masters of vessels, all speaking in terms of the highest praise of the harbor and its accommodations.

Q. What is the distance from Ogdensburg to the easiest accessible point on this lake?

A. The nearest point coming this way probably is Boonville. Another connection would be Adams, on the Rome and Watertown Railroad, which is about eighty miles from Ogdensburg.

Q. You spoke of some advantage, which would be confined to the New York Central. Please explain further what you mean?

A. I find it costs us as much to get grain from Toledo and Watertown as it does the Boston people to get it from Toledo. That is, we are charged as much for three hundred miles less. We feel the effect of it severely, and although I am a native of the Empire State, and at times feel proud of it, yet I feel rather inclined to look towards the old Bay State for aid. We feel inclined to say "Your God shall be our God, and we will worship him."

Q. What is the nature of your trade with Boston?

A. Quite a portion of our butter and cheese now come to the Boston market.

Q. And the local business, how is that?

A. Good. The Utica and Black River Railroad runs up into that section of the country, and has nothing but local freight to depend upon. Yet it has divided six per cent. per annum for several years past; going to show, I think, that it is not all woods up about where I reside.

Q. And the Rome and Watertown Railroad?

A. That has divided ten per cent. on its local freight. Its connections are at Rome with the New York Central and the Ogdensburg and Lake Champlain. Its business is nearly all local, though they have some Canada freight.

Judge Thomas.—How much of the year is the lake frozen over?

A. About the same as everywhere else. I do not know exactly. Navigation will close as soon as and open as soon as at any other point.

The Committee.—How would the contemplated road affect the Rome and Watertown Railroad?

A. I do not think it will materially injure it, sir. The

Western freight comes by the lake, and in the winter time we do not ship much freight over the road.

Q. It will affect the passenger business on that line, will it not?

A. Not particularly. The passenger branch goes to Oswego, instead of leaving off perhaps at Adams. I think it would bring more business to it than it would take from it.

Mr. Derby.—Would this new line attract from the Rome and Watertown a great deal of freight coming to or going from Boston.

A. I do not think it would. The Utica and Black River Railroad now takes it to the Central. I do not think their road would draw anything more from it. I think freight perhaps might start both ways.

Mr. Gurley was the next witness.

Mr. Wakefield.—You are connected with the Boonville and Port Ontario Railroad?

A. Yes, sir.

Q. Will you explain the contemplated advantage of their road, if you please?

A. It is but recently that I have become connected with the road. I am satisfied with the surveys, however, and have found the grade much better than we anticipated. I can only say in a general view, without giving you statistics, that we have looked at it as a part of the Grand Trunk line, going, as we calculated, to touch Lake Ontario, and thence going on to Chicago. We have been unable to draw any other deduction, than that as a whole the road must be a source, a great additional source, to supply your commerce here, and that it will be for the interest of the manufacturing and commercial communities, as it is among the most important sources from which you can draw support. Mr. Wright has told you in reference to our harbor. We have a harbor at Port Ontario of sufficient capacity, which will leave no doubt in the minds of anybody familiar with it, that with a small outlay it can attend to all the commerce that can come to it for over a hundred years. Our county, as you are aware, is a dairy county, ranking sixth in the scale of counties in our State.

I would say that their seems to be a unanimity among the people along the line, that their commercial relations naturally tends to Boston. They look to Massachusetts. They know you have the ability, and there is no difference of opinion as to its being for your interest, and you will follow your interest as we will follow ours.

The Chairman.—How long has your road been organized?

A. About six or eight months I think.

Q. The line will not be built except in reference to the tunnel line?

A. I think not.

Q. All these different companies have been organized with reference to the tunnel line?

A. Yes, sir.

Q. What do you know of the harbor?

A. I have conversed with a great many masters of vessels, and they all agree that the harbor of Port Ontario is a great deal more accessible in case of stormy weather, than any other port on the lake.

Q. Is not freight interrupted very much during the winter?

A. Why, no, sir.

Q. But the lake is frozen over, is it not?

A. Yes, sir.

Q. Then what is the reason that through freight will not be interrupted during four or five months of every year?

A. If you will understand me, this section of the road with which I am connected, contemplates touching at Ontario and thence to Oswego by the lake shore.

Q. But your lake harbors are closed in the winter months, of course?

A. Our harbor is open early, together with our portion of the lake.

Mr. Wakefield.—What are the products of the country along the line?

A. Dairy produce, mostly.

Q. Is the country well cultivated?

A. It is, sir, and it is being improved every day.

Mr. Edward Ives was then called.

Mr. Wakefield.—Mr. Ives, where on the line is your residence?

A. At Salisbury, sir.

Q. Are you one of the corporators of this line?

A. Yes, sir.

Q. Of which company, if you please?

A. Of the Atlantic and Ontario.

Q. You may state the advantages you contemplate from this railroad at Salisbury.

A. So far as we are concerned, my principal business for the past twenty-five years has been a cheese-buyer; that is about all my business. That being concentrated mostly at Middle Falls, I attend the market there and ship it. This new line will open up new markets through our county. Farmers are now hauling their cheese and other produce a great many miles to get it off to the markets. A great deal of our cheese is sent off to Liverpool, and what we now want, is a new market close by. Then we border upon a large lumber region, and send off from forty to seventy-five loads of lumber daily, mostly to Eastern markets.

Q. Give us some idea of the amount of cheese shipped from your place.

A. Middle Falls is one of the most important shipping places. We have large sales there and ship weekly (I think I speak within bounds) ten thousand boxes a week. Then at Herkimer, seven miles from there, there are sold weekly, and sent away, some two thousand boxes. Other places are in proportion. Our English shippers are in New York mostly, and arrange to have their goods sent to them. If Boston had the same facilities I suppose she would receive a large proportion of the cheese.

Q. What other articles of freight would you naturally have from your locality?

A. Oh, hay, not much grain, a great deal of lumber and leather from the tanneries along the line.

Q. Where is this leather sent?

A. That is sent to Boston.

Q. What is this kind of territory, then? I mean, is it cultivated?

A. We have a nice improved county. People are very much disappointed when they come there. Farmers keep seventy-five or eighty cows on the average, and other stock in proportion.

Mr. Wait was then called.

Mr. Wakefield.—At what point on the line do you reside?

A.—At Johnstown.

Q.—How far from Salisbury?

A.—About 30 miles.

Q.—How far from Ballston?

A.—About the same distance.

Q.—Will you state the kind of transportation from your vicinity that would naturally come to Boston if this line was built?

A.—In our part of the country we have a great many hide tanneries on the route of the road, very large tanneries. I think about all the hides and all the leather come from Boston, and I think nearly all the leather comes back here. Then in the town of Johnstown there is a large manufacturing interest, in the shape of mittens and gloves, probably the largest in the United States. They manufacture, probably, five millions of pairs a year. I think if this road were built through from the Tunnel to the lake, that a large portion of the dry goods trade would be done at Boston instead of in New York. I think the facilities would be good and transportation would be cheapened so that they could afford to come here instead of going to New York.

Q.—How is the feeling of your people with reference to trade with Boston?

A.—I answer positively that if the road should be built through, there is a large amount of mittens and gloves now shipped *West* and eight of every ten boxes of these gloves will go over this road. I have no doubt so far as my knowledge goes, but that a large proportion of the freighting business would be transacted with Boston.

Q.—How far is Johnstown from the New York Central Railroad?

A.—About four miles.

Q.—And this road, running along some distance, would intercept a large amount of that mitten trade?

A.—Yes, sir.

Q.—With regard to the quantity of lumber and other freight that comes from the Sagadoc River? How much do you place that?

A.—I am unable to say, but it is a large amount.

Q.—Does the road touch the river?

A.—No, sir.

Q.—It will, will it not?

A.—Yes, sir.

Q.—It will be an important feeder to this line from Boston?

A.—Yes, sir; it will bring all the leather trade.

Q.—Would there not be a large quantity of lumber from that river, sir?

A.—Yes, sir.

Q.—How does that county compare with Massachusetts in its agricultural condition?

A.—It is largely ahead of Massachusetts, so far as agriculture is concerned.

Q.—Both in its cultivation and resources?

A.—Yes, sir.

At this point the hearing was closed.

R E P O R T

OF THE

SIXTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

FEBRUARY 11, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

SIXTH HEARING.

The sixth hearing upon the Hoosac Tunnel consolidation was on the petition of the Boston and Lowell Railroad Corporation for an amendment to the charter of the Great Northern Railroad Corporation, so as to include among the corporations and roads to be consolidated, the Fitchburg Railroad Company and other roads in the northern and tunnel lines.

After the Committee had been called to order, Mr. Charles F. Parker stated, that whereas both branches of the legislature had passed an order that at all hearings on the Hoosac-Tunnel consolidation the State should be represented by the attorney-general, or by some other person; and whereas the attorney-general was then engaged in a capital trial, he (Mr. Parker) would represent the State upon the present and future occasions during the discussion of consolidation.

Hon. Charles Francis Adams, Jr., one of the railroad commissioners, appeared for the Board, and stated that they still held the ground that was taken in their previous report in favor of the assumption by the Commonwealth of the line of roads connected with the Tunnel, and that at a proper time they would like to appear before the Committee and give their reasons for their decision. For the commissioners he wished to submit the following sections, which they would like to have made a part of any bill which might be reported on the matter:—

SECTION . The Commonwealth may at any time, after six months' notice in writing of its intention so to do, take and possess the road, franchise, property, rights and privileges of the corporation. In case of such taking by the Commonwealth, but subsequent thereto, the stockholders of the corporation shall receive, as compensation in full for each and every share of its capital stock by them individually surrendered, such sum of money as may be awarded by

three commissioners, who shall be appointed by the supreme judicial court, on petition of any party in interest, and duly sworn to appraise the same according to its true value at the time of such taking.

SECTION . The award of the commissioners provided for in the preceding section shall be rendered within one year after their appointment, and shall not be for a sum less than the par value per share of such stock ; nor, in case the true value of such stock at the time such intention to take is notified shall exceed the par value, shall said award be for an amount in excess of the sum of ten dollars per share over and above the highest average market value of such stock at *bona fide* cash sales made during any consecutive month within one year immediately previous to the notice of such intention to take.

SECTION . Pending the publication of said award, and until the surrender of the capital stock of the corporation, or the expiration of two months after the tender by the Commonwealth, through a notice published in a newspaper in the city of Boston, of the sum fixed by said award as the value of such capital stock, the holders thereof shall be entitled to receive from the treasury of the Commonwealth, upon the first days of each April and October, or upon the usual semi-annual dividend days of said corporation, an amount equal to the average semi-annual dividend paid by said corporation during the two years immediately preceding such taking, and in the same proportion for any time less than six months.

Col. John H. George, the counsel for the Boston and Lowell Railroad, then presented the case of the petitions in the following argument :—

ARGUMENT OF COLONEL GEORGE.

At the suggestion of the Chairman I will open my case by reading the formal petition, as follows :—

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled.

The Boston and Lowell Railroad Corporation respectfully represents that it is one of the corporators named in the Act of 1869, chartering the Great Northern Railroad Company ;—which Act contemplated the consolidation of a line of railroads extending from Boston to Ogdensburg, and the control of certain steam-navigation upon the Western lakes, so as to secure for the port of Boston greater commercial facilities, and as efficient and cheap communication with the West as is enjoyed by other Atlantic States and

cities through their great consolidated lines. That in furtherance of this object they have already expended large sums of money in securing lands and tracks and wharves for their deep-water and terminal facilities, and are now engaged in perfecting said improvements. That the Act is so framed as to require the sanction of the legislature of New Hampshire before an organization can be framed under it, and that such sanction cannot be obtained.

They therefore pray that the charter of said Great Northern Railroad may be amended and made available without application to other States, by including among the incorporators and roads to be consolidated, the Fitchburg Railroad Company and other roads in the northern and tunnel lines, so that the purposes of the original Act may be carried out, for the promotion of the commercial and general interests of the Commonwealth, and the security of the investments of the company.

THE BOSTON AND LOWELL RAILROAD CORPORATION,
By F. B. CROWNINSHIELD, *President*.

BOSTON, January 9, 1873.

Now Mr. Chairman and gentlemen, I shall be pardoned, having read the petition of the road I represent, if I make a brief allusion to the history of the legislation and the various hearings resulting in the granting of the charter of the Great Northern Railroad Company, referred to in the petition.

As long ago as 1862 or 1863 the Boston and Lowell Railroad management organized the first through line under almost insurmountable obstacles, to which I shall refer, from Boston to the West. From that day to this it has been the leading idea, and I may almost say it has been the dream and the ambition of the management to secure for the port of Boston the same advantages, facilities and business arrangements which characterize the cities of New York, Philadelphia and Baltimore.

It was palpable to that management, as to-day it is palpable, I think, to this entire business community, that if ever Boston was to be a great commercial centre, if Boston was to grow with the rest of the country, that not only the entire commercial facilities of Boston must be increased, but that in support of these commercial facilities these must be supplied to the great West and to the interior of New England as cheap, as efficient, as rapid and as enterprising line of railroad

as could be found anywhere within the length and breadth of this country.

In accordance with that idea, under almost insurmountable obstacles, that management, having charge of a road but twenty-six miles long, from Boston to Lowell, organized the first through railroad line by way of Ogdensburg to the West.

At that time in the majority of the rail of the line (for this was a line composed of both steamboats and railroads), the majority of the rail service of this line was held by corporations in the midst of great financial embarrassments, and these embarrassments have continued until the present time. The line was composed of six or seven distinct railroads, having internal dissensions and differences, and in many respects antagonistic interests.

But, sir, the leading idea of a road to the West through that line still continued to be the ruling action with these gentlemen; and I can say here,—I think I can appeal with confidence to the business men of Boston to bear me out,—that we did make a line of remarkable efficiency, and it has done its full share towards the development of the commercial prosperity of the city of Boston, though it required to do it all the energy, pluck and indomitable will which characterized another man by the name of Stark, when he said that in a certain contingency Molly Stark would be a widow.

Now the difficulties under which the line labored, the difficulties on account of these diversities and antagonisms, and the difficulties on account of the particular embarrassments which characterized the upper end of the line, were brought to the legislature of Massachusetts in 1869 and they were asked for measures of relief. The railway committee gave a most careful and full examination, and the result of the hearings was that the wisdom of the policy of Massachusetts in 1869 was embodied in an Act forming the Great Northern Railroad Company. In that Act was embodied the policy of the legislature of Massachusetts, tending to the development of the commercial prosperity of Boston, and tending to advance its interests as a Commonwealth.

That bill provided that the Boston and Lowell, the Concord and the northern railroads, all roads free from debt, all dividend-paying roads extending from Boston to White River

Junction, might, upon the terms of the bill, unite, either all or any two of them, and form a corporation by the name of the Great Northern Railroad Company. And having united and formed such corporation, they then, by purchase, by lease, or by union upon the terms specified in the bill, might absorb the roads extending from Boston to Ogdensburg, with the further authority to purchase and maintain a line of steam-navigation upon the great lakes. This formed under one corporation and one management a line of railroad from Boston to Chicago, a line of rail four hundred and five miles in length, and there connecting with steam-navigation which, under all arrangements so far, had divided equally at Ogdensburg, thus making Ogdensburg, as far as prices were concerned, collated on the price from Boston to Chicago, a distance of eight hundred and ten miles from Boston.

Now, after a severe struggle, a full hearing and a careful investigation, that bill received the sanction of the legislature with scarcely any opposition.

Starting from Boston you go to Lowell by this line, a distance of twenty-six miles. You then take the Nashua and Lowell road, fifteen miles long,—four miles in the State of Massachusetts and eleven miles within the limits of New Hampshire.

We applied to the legislature of New Hampshire and asked them if they would sanction this bill for securing the Great Northern Railroad. We were refused. The cry was raised throughout the length and breadth of the State that this was a Massachusetts project. Here was an idea to run a road right through the State of New Hampshire!—as though when a road was running through New Hampshire that State was not to be benefited just as much as Massachusetts!

The cry of demagogues was so wild, so loud and so absurd, that we could not even be heard before the legislature on the matter. I was ashamed that I had not brains enough and force enough to convince the intelligent people of the State of New Hampshire, and I tried again and again in public addresses before the city government of Concord, and in addresses before other parties, to show that it was impossible that out of an efficient line there could be any harm done to anybody. But there was no other reason, apart from the

demagogue cry of "Massachusetts capital and the advancement of Massachusetts interests."

Between Boston and Ogdensburg, upon the main line, there were some six or seven independent corporations. In the branches and side-lines, under different organizations, there were some ten or fifteen more short roads, every road having its president, superintendent, treasurer and six, seven, eight or nine directors, who sat down and enjoyed their crumbs of comfort, and each was an independent organization. They had their passes and their little nice family arrangements, and the result was that not only was the cry of "demagogue" raised, but that more plaintive cry, "Don't disturb us in our cushioned chairs." The result was that the idea of efficiency, unity and cheapness was entirely lost in the ground-swell of this howl of the people who had little petty private interests.

Now I come here to say that, under these circumstances, so far as the Great Northern road is concerned, the organization under that bill is a failure. The same arguments which carried that bill were presented to the New Hampshire legislature, and were presented in vain.

The bill which I have in my hand is the bill passed in 1869, to which I have referred, with the Fitchburg added to the list of corporations, and giving the right of union or lease or consolidation or purchase with the various tunnel-lines of roads in addition to those named on the Ogdensburg line. That is our bill.

The thirteenth and fourteenth sections simply provide for the sale of the station, bridges and approaches of the Eastern and Fitchburg roads to each other or to the Boston and Maine, and a relocation such as will avoid their present grade crossings.

AN ACT in amendment of an Act to incorporate the Great Northern Railroad Company.

Be it enacted &c., as follows:

SECT. 1. The Boston and Lowell Railroad Corporation, the Fitchburg Railroad Company, the Nashua and Lowell Railroad Corporation, the Concord Railroad Corporation and the Northern Railroad Company, or any of them, at meetings duly called to consider the question of consolidation, may at any time within six years from

the passage of this act, by vote of a majority in interest of the stockholders present and voting at such meetings, agree to unite and consolidate their respective corporations upon such terms as may be mutually agreed upon, subject to the provisions of this act; and such vote so passed by said corporations respectively, shall be effectual to unite and consolidate said corporations within the intent and meaning of this act. And said consolidated corporation shall have all the powers and privileges, and be subject to all the duties and liabilities set forth in chapter sixty-three of the General Statutes, and in all general laws that now are or may hereafter be in force relating to railroad corporations.

SECT. 2. If any such consolidation takes place as is provided in this act, the corporation so formed shall have, hold, possess and enjoy all the powers, privileges, rights, franchises, property, claims, demands and estates, which at the time of such union may be held and enjoyed by either of said existing corporations, and be subject to all the duties, restrictions, obligations, debts and liabilities to which, at the time of the union, either is subject in severalty; and all suits at law or in equity, and all proceedings before any tribunal which may be pending, to which either corporation shall be a party, may be prosecuted and defended by the company hereby authorized, in the same name, in like manner and with the same effect as might have been done had such union not been formed. All claims, contracts, rights and causes of action, of or against either corporation, at law or in equity, may be enforced by suit or action, to be commenced and prosecuted by or against the corporation formed as aforesaid. And the said existing corporations shall continue corporations for the purpose of prosecuting or defending any suit or proceeding at law or in equity, or otherwise now pending, or which may hereafter be brought by or against either of them out of this Commonwealth.

SECT. 3. The first meeting of the corporation hereby authorized shall be called by the presidents, or either of them, of the corporations composing its parts; and ten days' notice shall be given of the time and place of said meeting, by publication in two newspapers in the city of Boston, and one in each of the cities of Lowell, Fitchburg, Nashua, Manchester and Concord; and at said meeting, persons holding stock in either of the component corporations shall be entitled to one vote for each hundred dollars of the par value of the capital stock he may hold.

The officers respectively of the said corporations shall continue to exercise, in behalf of the united corporations, all the rights and powers which they now exercise till the united corporations shall be organized.

SECT. 4. After the organization of the corporation formed as aforesaid, each of the said existing corporations shall continue, for the purpose of perfecting the said union, and doing all such acts and things, if any, as may be necessary therefor, and shall execute all such transfers, assignments and conveyances as the corporation, formed as aforesaid, may deem necessary or expedient to vest in itself any property, estates, contracts, rights or claims, if any there be, which do not vest in it by virtue or authority of this act.

SECT. 5. The corporation formed as aforesaid, shall be called the Great Northern Railroad Company; and is hereby authorized and empowered, at any time within ten years from the passage of this act to purchase or lease, and thereafter to hold, maintain and operate in connection with its consolidated line as aforesaid, the several railroads, or any of them, extending to Troy, and to Montreal and Ogdensburg, viz.: the Nashua and Lowell, the Concord, the Northern, the Vermont and Massachusetts, the Troy and Boston, the Cheshire, the Vermont Valley, the Rutland, the Nashua, Acton and Boston, the Vermont Central, the Vermont and Canada, the Ogdensburg and Lake Champlain, the Montreal and Vermont Junction, and the Stanstead, Shefford and Chambly Railroads, together with the several railroads, or any of them, now leased or operated in connection with the respective corporations forming said trunk line, or tributary thereto, viz.: the Stoneham Branch, the Salem and Lowell, the Lowell and Lawrence, the Stony Brook, the Wilton, the Peterborough, the Middlesex Central, the Manchester and Lawrence, the Manchester and North Weare, the Concord and Portsmouth, the Suncook Valley, the Concord and Claremont, the Contocook River, the Sullivan, the Boston, Concord and Montreal, the White Mountains, and the Connecticut and Passumpsic Rivers Railroads, and the line of steamships running in connection with said trunk line between Ogdensburg and Chicago, and ports upon the western lakes: *provided, however*, that unless the Fitchburg Railroad shall be included in the formation of said Great Northern Railroad Company, the power to purchase or lease, under the terms of this act, the Vermont and Massachusetts, the Troy and Boston, the Cheshire, the Nashua, Acton, and Boston, and Vermont Valley Railroads, shall be inoperative.

SECT. 6. The several railroad companies in this Commonwealth, before named, whose roads are now leased to or operated by said Boston and Lowell or said Fitchburg, or Nashua and Lowell Railroad Corporations, or either of them, are hereby authorized and empowered to sell or to lease their respective franchises and roads to the said Great Northern Railroad Company, upon such terms and conditions as may be mutually agreed upon in accordance with the

provisions of this act, and ratified by a majority in interest of the stockholders respectively, present and voting, at meetings duly notified and held for such purpose: *provided, however*, that no such sale or lease shall invalidate the mortgages or otherwise secured indebtedness of the railroads so sold or leased, but the same shall be assumed by the said Great Northern Railroad Company, and the said mortgages continued as a lien upon the property unless otherwise agreed upon with the parties in interest.

SECT. 7. If any stockholder in any road so purchased, shall at the meeting for the ratification of said purchase, or within thirty days thereafter, object to such sale, and demand payment for his stock of said purchasing corporation in writing, such stockholder or the purchasing corporation may at any time thereafter apply to the supreme court at any term thereof, held in any county through which any part of the said purchased road may pass, for the appointment of three persons to appraise the value of such stock. If the court shall be satisfied that reasonable notice has been given of such application, it shall thereupon appoint three persons to appraise the value of said stock, and shall designate the time and place of meeting of such appraisers, and give such directions in regard to the proceedings on said appraisal as shall be deemed proper, and shall also direct the manner in which payment for such stock shall be made to such stockholder. The court may fill any vacancy in the board of appraisers occurring by refusal or neglect to serve or otherwise. The appraisers shall meet at the time and place designated, and they or any two of them, after being duly sworn honestly and faithfully to discharge their duties, shall estimate and certify the value of such stock at the time of such dissent as aforesaid, and deliver one copy of their appraisal to the said purchasing company, and another to the said stockholder, if demanded. The appraised value and the charges and expenses of the appraisers shall be paid by the said purchasing corporation, and when said corporation shall have paid the amount of appraisal as directed by the court, such stockholder shall surrender his certificates of stock to said purchasing corporation, and cease to have any interest in the said stock or the corporate property; and the said stock may be held or disposed of by the said purchasing corporation, with all the rights appertaining thereto.

SECT. 8. The capital stock of the Great Northern Railroad Company shall not exceed the authorized capital stock and debts incurred up to the time of the consolidation, for construction, and terminal and depot facilities, and equipment of the several roads in said main trunk lines between Boston and Fitchburg and White River Junction, or such of them as may be consolidated under the

provisions of this act, and such additional amounts, not to exceed ten millions of dollars, as shall hereafter be actually expended by said corporations for stations, depots, equipage and tracks; and also such additional amount, not exceeding forty millions of dollars, as shall be necessary for the purchase of the other railroads and steamboat lines herein authorized to be purchased; and the amount of such increase on account of such purchases shall be determined from time to time by a board of commissioners, to consist of one member from this Commonwealth, to be appointed by the governor and council, and one member from each of the other states in which said Great Northern Railroad Company shall own and operate a railroad under authority of this act: *provided*, that members from such other states shall be appointed by the executives thereof, to be paid in the manner provided in this section for the payment of the commissioner on the part of this Commonwealth; and in making such determination said board of commissioners shall have regard to the fair value of the railroad or steamboat line so purchased; and the additional stock herein before authorized shall not be issued at less than its par value as actually paid in in cash by the parties who shall subscribe for or purchase the same: *provided*, that said corporation may, with the approval of said board of commissioners, issue such stock at not less than its par value, in payment for any railroad or steamboat line purchased as herein authorized; and the capital stock of said corporation shall not be further increased without the concurrence of the legislatures of the several states in which the consolidated company shall be established. The compensation of the commissioner for this Commonwealth shall be fixed by the governor and council, and with all necessary expenses by him incurred, shall be paid out of the treasury of the Commonwealth, and the amount so expended shall be paid by said corporation into the treasury.

SECT. 9. The charges for the transportation of passengers and freight upon the railroads of said Great Northern Railroad Company shall not exceed the local rates of charge, as now established upon the existing published tariffs of the several railroad companies which may hereafter sell or lease their roads under the provisions of this act; and the charges for transportation on through freight, discharged within thirty miles of Boston, shall not exceed the rates of through freight to said city; and the facilities to connecting railroads and the depot accommodations and facilities for the transportation of freight and passengers which are now afforded by the several railroads forming the consolidated company shall not be diminished; and the said Great Northern Railroad Company shall be subject to the laws of each of the several states through which

the same shall pass, relative to the rights and duties of connecting roads, and to all general laws of each of said states concerning railroads, and to all rights and duties provided for or reserved in the charters of the various roads of which it shall be composed; and the dividends of said Great Northern Railroad Company shall not exceed an average of ten per centum per annum upon the capital stock thereof.

SECT. 10. The Commonwealth may at any time purchase that portion of the trunk lines of said Great Northern Railroad Company lying within this Commonwealth, together with all the franchises, property, rights and privileges thereof, and a proportionate share of its equipments, by paying therefor to said corporation such sum as will reimburse the stockholders thereof the amount of capital stock actually paid in in cash for the construction and equipment of said portion of said trunk line, and such further sum as shall, with the dividends received, make an average annual net profit of ten per centum from the times of payment for such construction and equipment to the time of the purchase by the Commonwealth. And the Commonwealth may purchase with trunk lines any of the roads within its limits which may be purchased by said Great Northern Railroad Company, by paying the said corporation the actual original cost thereof to said corporation, with a net profit of ten per centum, including dividends upon the purchase.

SECT. 11. This act shall give to said corporation no right to take or use any flats of the Commonwealth, and no right to erect any structure upon or to fill up any flats it may take or purchase, which right was not by law attached to such flats when taken or purchased.

SECT. 12. The Eastern Railroad Company is hereby authorized to sell and convey the whole or any portion of its passenger bridges across Charles and Miller's Rivers, and of their approaches, and of its station grounds in Boston, to the Boston and Lowell, Fitchburg, and Boston and Maine Railroad corporations, or either of them; and said Eastern Railroad Company is further authorized to purchase the whole or any portion of the bridges across Charles and Miller's Rivers, and their approaches, and of the station and grounds of the Fitchburg Railroad Company. And the Fitchburg, Boston and Maine, and Eastern Railroad Companies are further authorized to re-locate, and to exchange, so far as may be deemed necessary, their railroad tracks in Somerville, Charlestown and Boston, so as to avoid the present grade crossings of the Fitchburg, Boston and Maine, and Eastern Railroads; and for this purpose may locate upon and take any land or new bridge location, outside their present locations, which may be necessary for the purpose of

avoiding said grade crossings: *provided*, that if any new bridge locations shall be necessary, as aforesaid, the new bridge structures to be erected on such new locations, shall be subject to the approval of the harbor commissioners.

SECT. 13. The said Great Northern Railroad Company may locate and construct such tracks in the towns of Belmont, Cambridge and Arlington, as may be necessary to connect the Fitchburg Railroad and its Watertown branch with the Lexington and Arlington Railroad, for the purpose of making the Mystic River terminal facilities accessible to the tunnel line.

Now, Mr. Chairman, the interest which is felt by the city of Boston, particularly by those interested in the commercial and business prosperity of Boston, in the matters which are before you, and which are now receiving your attention, is sufficient evidence of the great importance of this subject, and I bespeak, in behalf of the project that we represent, that it be subjected to the test, as to whether that project, in comparison with this that is presented, promises most to develop the business of Boston, and most to promote the interests of the Commonwealth. By that test, Mr Chairman, I propose that our bill shall stand or fall; for that test, fully, plainly and fairly considered I bespeak the careful consideration and the fair judgment of the Committee, which I know we shall all have.

Now, what is desired to be accomplished? Let us strip this matter of all subterfuges and misunderstanding, and come right to the direct point. What is sought to be accomplished to-day by these various hearings on these various projects, and what does Boston want to accomplish? What does Massachusetts want to accomplish? What does the public interest of the Commonwealth require should be accomplished?

It is simply, sir, this: that there shall exist between Boston and the interior of New England and the far West a line of railroad communication which shall take freight and passengers as cheaply, as efficiently and as rapidly as in the nature of things is practicable, and which shall place Boston at least on terms of equality with any of the cities upon the Atlantic coast. That is what all these various projects tend

to, and I respectfully submit that this is the test by which all these projects are to be commended or frowned upon.

Now, what are the essential things which are required, in order to accomplish that object? We want a cheap, efficient, rapid road. How are you going to get it?

In the first place, and I think with regard to that there can be but one opinion,—there can be no doubt in the mind of any man, that in order to have that cheap, efficient and rapid line of communication you have got to have a well-constructed line of road. That is the first thing. What next? You have got to have sufficient terminal facilities to receive and dispose of the business which shall be brought to Boston. In the third place, you have got to have a sufficient equipment in cars, engines, in machine-shops, and in all the paraphernalia of a first-class road. In the fourth place,—quite as important as either of the others,—you have got to have an energetic, enterprising, intelligent and honest management. If you can combine them, and get a good road, with sufficient equipment, plenty of terminal facilities and an honest, energetic management, then you will have a cheap road from Boston to the West; and you will never have it till then.

Now which of the three projects presented promises most successfully to accomplish these results? Upon that question I desire to ask your attention, that you may apply the test impartially.

The first project presented, in order of time, is the plan represented by my friends, Mr. Bates and Judge Thomas, asking that you report a bill providing for the consolidation of the Fitchburg, Vermont and Massachusetts, the Tunnel and the Troy and Boston Railroads.

I then ask you to apply the same test to the other suggestion just read in your hearing by the Chairman of the Board of Railroad Commissioners, that the State shall go into the business of railroading. With regard to that I have no word to say, except that the suggestion forces itself upon every thoughtful mind, I think, that as things are to-day, the standard of morality is hardly up to bearing the strain of the political corruption which would be incident to the State's undertaking to run a railroad. I think the developed test of the political morality of the time does not tend to show that

it is best to give any further temptations toward anything which leads to political demoralization. I might suggest, in the same connection, the experiment made in New York, Pennsylvania, Ohio, Illinois and Missouri in running even canals under state management. And although the State of New York has made its canal system comparatively successful, as one of the members of the board of trade has said, the proper way to estimate the comparative advantage or success of that system was to consider what the canal system would have been under different management, distinct from political corruption.

But I don't propose to discuss the merits of the plan. It is urged by men of ability and men of sense, I grant, and by men of large knowledge; and yet it seems to me to have in it the elements of inherent weakness and of corruption which should prevent its receiving the sanction of the legislature.

Now what is the third project? The third project is the union of the Lowell and Fitchburg roads as the basis of the proposed consolidation of the whole line; and I shall try to show you that the last is practical and certain, and promises the preservation of the property of the two corporations, a certain consolidation of the line, and a well-constructed line of efficient road, with an honest, energetic, capable and efficient management. I shall try to show you that each of the other plans,—if we may reason from the record of the past or with regard to particular roads, the wrecks of which are strewn from one end of this land to the other,—that each of the other plans are failures.

Let me ask, in the first place, if it is important that we should have a cheap, rapid and efficient means of transportation, and if it is essential in order to that that we should have a well-constructed line, how are you going to get your well-constructed road? Because you have got to have your cause and effect. Your legislature is not going to bring into being at once a through double-track line of road from Fitchburg to Troy; it is not going to take the grades and curves out of the Vermont and Massachusetts and put in sidings. You may authorize things to be done, but then somebody has got to have brains to plan and the money to execute.

Now you have got a first-class road from Boston to Fitchburg, with a capital of \$4,000,000, and a double track. But when you strike Fitchburg you strike the Vermont and Massachusetts. I have no word to say against the absolute right of a road to be governed by its own legitimate interests. I have no word to say with regard to the present or prospective value of that road, for the value is purely conjectural and depends upon future development. My friends of the Vermont and Massachusetts, I am sure, will find that, whatever may be its value, you cannot make the road part and parcel of a great line from here to the West, which shall not only compete with the Boston and Albany road, but with the system of steamboat connection of the Erie and Pennsylvania Central; that before you can do anything that shall realize the hopes, dreams and expectations of the management of the Lowell road, you have got to take out the sharp curves of that road, reduce its grades, put in sidings and ultimately build your double track.

Then, sir, you strike the Troy and Greenfield. I don't believe it will be considered disrespectful to the Commonwealth of Massachusetts to say that it is the meanest road to day in all its borders. A road—a one-horse road?—no, sir, I have too much respect for the equine race to call it such. A wheelbarrow? No, sir; for this is on four wheels, and if there was but one you could turn a shorter corner. It has got to be relocated, rebuilt, in order to make it a part of a respectable road anywhere.

You then, sir, come to the Tunnel.

You then come to the road of my friend Robinson, the Troy and Boston road. I know nothing about it. I don't know whether it is a first-class road or otherwise; but it is sufficient for me to know that there is the Vermont and Massachusetts and the Troy and Greenfield, on which to bring them up to the standard of first-class roads you must make an immense expenditure.

You cannot put down your double track short of an expenditure of from \$3,000,000 to \$5,000,000. Where are you going to get your money? Do you say that you can get the money in anticipation of the great development which is to be made upon the opening of the Tunnel? Why, sir, that

is purely conjectural. Put in your Fitchburg road, with its \$4,000,000 of capital; add the various capitals of the various roads and you get a corporation of \$25,000,000. Add your \$5,000,000 that it will take to make a double-track road and put it in the condition that it should be to be a rival road of the Boston and Albany. You have your capital up higher than that of the Boston and Albany.

I shall have something to say sir, with regard to this raising money on anticipation of undeveloped business in connection with the tolerably sad experience of the Commonwealth of Massachusetts, as to the Hartford and Erie. Is there any pretence on the part of any man who has been over the road of the Hartford and Erie, that so far as the country through which it runs, it is not in all respects equal to the country through which the Boston and Albany runs? Is there any pretence that that road, when completed, may not rival the Boston and Albany, so far as grades and distances are concerned? Not at all. Is there any pretence that that road could not have been constructed and finished and been in running order for the amount of money that has been appropriated for it, except for mismanagement or misfortunes? Not the slightest. And yet this road has come here to the legislature and received its aid! It failed, because it lacked pecuniary power; because it relied not upon business developed but undeveloped; because it had to pay large sums of money for loans. It was subject to that mismanagement which follows pecuniary embarrassment. It presents to the people of Massachusetts a lesson from which they ought to learn something; namely, that when you undertake an enterprise to meet undeveloped business you have got to have the enterprise backed by men of undoubted credit or else it will be a failure; and the Boston, Hartford and Erie fell because it undertook to carry a burden too heavy for its knees, in anticipation of future business. In this same connection I say we notice another illustration in the Vermont Central road. Is there a man here who knows anything about the road, but knows that if the road were bought and paid for, that its business would make it one of the most valuable and dividend-paying roads in New England? And yet, Mr. Chairman, that road has wiggled and twisted along with a mortgage

upon everything, and with brilliant prospects in the future undeveloped. It has made all sorts of contracts, under circumstances of pecuniary embarrassment, and as a result the actual value of the property is such, and the actual amount of business is such that its interests are swamped in the pecuniary slosh of mismanagement. Do you want to have another experiment to add to this list of shipwrecked railroads? If you do, I hope you will go ahead and make it, but make it with your eyes open. In order to develop these roads and their business, you require the sum of \$10,000,000 or \$15,000,000. That expenditure should never be made upon any such promise of business which is to be developed.

But, Mr. Chairman, let us state the next thing that must be done. By whom is this expenditure to be made? By whoever develops the tunnel route. It cannot do business unless it has cars, and you cannot have cars without locomotives. Take, sir, the number of cars upon the Western Railroad, and if the hopes and dreams of the people of Massachusetts are to be realized, you have got to have an equipment equal to that of the Western Railroad. Take the combined property of the four roads and subtract the whole property from that of the Boston and Albany road, and you will find that it will cost \$1,500,000 to buy engines enough to bring them up to their standard: subtract the number of cars, and to make up the deficiency you will need another \$1,500,000, making the sum of \$3,000,000 for the equipment you have got to make.

But when you have got your road, and have spent your money for equipment, etc., then what? Then, sir, when the dreams of those who sit before us are realized, and the hole is about to be pierced through the mountain and the business is to run over like the waters from Lake Erie to Lake Ontario, though a canal of fifty feet, where in God's world are you going to put that freight? You say you must increase your terminal facilities. But that costs money, gentlemen. But before you come to the pecuniary consideration, let me ask you where are you going to find them, for it is an old adage at home that "you can't have your cake and eat it too." One road cannot have terminal facilities occupied, which, at the same time can be taken by another independent or

antagonistic corporation. Tell me, therefore, in the first place, where you are going to have terminal facilities under the bill proposed by Mr. Bates and Judge Thomas? Suppose you had all the money that would fall in or out of the Massachusetts treasury, where are they? You have got to have your wharves, docks and acreage; where are you going to get them?

But waiving that, let us come to the question, Where are you going to get the money to pay for this, in anticipation of this undeveloped business, because there is no pretence that business can be done until you get facilities. Road, cars, locomotives, terminal facilities, have all got to precede the development of the business of the line. Where are you going to get your money? That is the practical question.

The Boston and Lowell road, when they started upon this idea of a general line, started at the same time, in anticipation of this development, to increase their terminal facilities. They went to work, in the first place, and they bought the large manufacturing warehouses on Lowell Street, at a sum of \$300,000. To-day you could not buy that property for \$1,000,000. The Boston and Lowell road, in anticipation of this increase of business of the Commonwealth, came before the legislature, and I had the honor to make the argument in its behalf, suggesting that they would be glad of a special enactment for right to take land on Causeway Street for a passenger depot. But 3,500 persons would in this case be turned out of doors from the houses in which they lived. People claimed that we had room enough, and thought it strange that a railroad twenty-six miles long could not get along with a depot 50 by 600 feet, and they talked about New Hampshire people coming down here and trying to engraft bad ideas in the minds of the people of Massachusetts. We did, by good fortune, get the right to take the land, and to-day we are constructing the finest passenger station which exists in the country, at a cost of \$1,200,000.

We then came before the legislature and asked for the right to purchase the Mystic flats. These Mystic flats have been for twenty years in the market, and talked about by different roads; committees had been appointed, and they had examined them and finally reported they did not want them.

We went down and bought these flats, at an expense of about \$300,000 more, and we built a connection to them from the main line, at an expense of \$150,000 ; and to-day, sir, it is Dr. Bartlett who, in my judgment, deserves more praise for patience and perseverance under difficulties, than any man with whom it has been my honor to be acquainted. Owing to his perseverance these flats are all being developed into what is the finest head-water terminus on the Atlantic coast. It is connected with the Boston and Lowell by a line of road crossing but two highways at grade to Chelsea, and coming out upon a wharf accessible to the largest steamships, and covering some nine acres. I ask you to look upon this map. There is represented the various property of the Boston and Lowell, and also parts of the Fitchburg and the various lines of road in that vicinity ; and here is a plan showing the manner in which the grade crossings can be avoided.

Col. George explained the map at some length and then said, in reference to the grade crossings of the northern roads :

Upon each of these roads there are sixty trains per day, on the average, which pass these grade crossings. The question of avoiding them has been a matter considered by the legislature and the commissioners, and by the roads, but no way has yet been found by which they could be avoided. Now unite the Fitchburg and the Lowell roads, turn the Fitchburg at a certain point to the Eastern Railroad bridge, put in a little track here and swing the Boston and Maine and Eastern roads at certain points and allow the Eastern to run in at the Fitchburg station, the Boston and Maine goes into its own, and all the grade crossings are avoided.

But, sir, I am anticipating. I was speaking of the terminal facilities of the Boston and Lowell road. We have a passenger station there 205 feet wide and 700 feet long. We have a freight station in connection with our passenger station, and in all we embraces more than ten acres of the solid land of the city of Boston. We have, at East Cambridge, thirty acres of land, eight of which we filled up and utilized. We have from this point on our main line the Mystic branch running across the corner of Charlestown and Main Streets at

grade, and we cross the Boston and Maine and the Eastern at grade, and at the point where they cross each other. The wharf at Chelsea Bridge is nearly completed, and so is that at the south channel of Mystic River. We have twenty-four feet of water at low tide at the wharf, and the central dock is being dredged to twenty-four feet at low water, so that the largest-sized steamers can come up the harbor to that wharf and load or discharge without any other facility. The distance from the Boston Custom House to that wharf is less than the distance from the Custom House to the Coliseum, or, if you want a comparison from New York, it is not so far as from the Battery up to Canal Street. We have a front of 3,500 feet, fronting the harbor, with water sufficient for the largest vessels, and the best facilities for business, and the best deep-water terminus on the Atlantic coast. Our nearest point to the navy yard is about 400 feet; average width, about 500 feet; our length below Chelsea Bridge is 900 feet. The great difficulty with the Fitchburg wharf property is that vessels have to pass through six or seven draws to get up to the wharves.

I want to make a comparison of the terminal facilities of our road with those of the Boston and Albany. That road has been an experimental road, and has been one of the greatest of Massachusetts' enterprises. It has now been thirty years in a state of development. There was a time when the stock of all roads went down to 50 or 75 per cent., but this has gone on for thirty years and made one of the best roads in the country, and a credit to Massachusetts. They have not gone so fast as a great many people thought they ought to go, and have gone a great deal faster than others thought they should. Now the Boston and Albany road saw that if they were to have a line to the West, they must have a deep-water connection with their road. What did they do? They start away off in Brookline and run through Cambridge, East Cambridge and around nine miles to East Boston. When they arrive there they have crossed at grade some 40 or 50 highways and streets, and there are something like 40 or 50 more street projected, including great danger and immense expense for flagmen. With their facilities they do an immense business, but they are nine miles from their main line, while we

are only a little over two miles from ours, and have better facilities.

The Chairman.—How would you connect the Fitchburg road with this property?

Col. George.—The plan would be this: The Boston and Lowell road owns the Lexington and Arlington Branch, which originally started from the Fitchburg road, at what is called the "Brick-Yards," in Cambridge, four miles from Boston. The branch forms a connection there, and the connection has never been taken up; we start from a point half a mile up that road and make our connection with the Lowell about $2\frac{1}{4}$ miles from the city. I would have them swing off to this branch and go directly down to the Mystic wharves, without any increase of distance. The amount of road to be built for this plan would be less than a mile. If the cars come into Boston first or are sent from any other station in the city, they could be run out on the road the distance of $2\frac{1}{2}$ miles to this branch and then taken down to the wharves. Or they could run directly over to the Grand Junction road, which intervenes; or what undoubtedly would be the case, the Boston and Lowell owns a road from Boston to Lexington, and so on to Concord, to which point it will be finished in the spring, and they might connect there. So they might have three ways of making direct connection.

The Chairman.—How far is it from the Fitchburg to the Lowell road where you diverge at Arlington?

Col. George.—About three miles, sir. Now I have alluded to these grade crossings which are a subject of perpetual annoyance and of great expense. In 1871 a commission was appointed to consider these crossings, and that commission reported recommending an expenditure of \$6,000,000 to do away with the grade crossings in the north part of the city. That is a matter of record. They recommended an expenditure of \$6,000,000 to do away with these grade crossings. They can be avoided at a merely nominal price by the provisions of this bill, by simply running the Lowell and Fitchburg roads together, and let them use their terminal grounds.

Mr. Derby.—There have been other commissions, have there not?

Col. George.—Yes, sir.

Now, Mr. Chairman, if you will look you will see that while the Boston and Lowell road has terminal facilities to secure to Boston in this idea of a through line, amounting to 75 acres of land that is solid or will be, for the accommodation of the Western business, the Fitchburg road has in Boston station accommodations, and in Charlestown from 17 to 20 acres of land. But if, sir, as I said, the hopes and the dreams of the friends of the Tunnel are to be realized to any degree, these terminal facilities of the Fitchburg must be increased, and increased immensely. You cannot buy the terminal facilities of the Boston and Lowell for \$10,000,000, if you could find them; and tell me where your money for terminal facilities, for putting your road in condition, for your engines and cars, is to come from? and tell me, after you have got it and expended it, where the profits are to come from to pay this \$30,000,000? Yet, sir, in our bill we propose, without the expenditure of a dollar, to give you the best property on the Atlantic coast, and to put those terminal facilities in for the development of the line.

I have no doubt that ultimately the Vermont and Massachusetts is to be a valuable road; far be it from me in any way to decry it or its value. I simply say that the Vermont and Massachusetts road is of conjectural value to-day and dependent upon future development. This is shown clearly by the operations of the stock board and the variations of the price. A year ago its absolute value was just as much as it is to-day, and there is the only difference in the market value that is made by the difference in the time in which the Tunnel is to be completed. Its value is conjectural and cannot be ascertained.

Now what do we propose to do, and what, as it seems to me, is the special advantage of our bill? We propose to put two strong roads together; we propose to make a saving in terminal organization of these roads to the sum of \$100,000; we propose to put in terminal facilities which in the first place cannot be had elsewhere, and if you had them you could not get the money to pay for them. We propose to say to the Vermont and Massachusetts, "We want a line of railroad; we believe in consolidation." My friend who sits here made the first argument, I believe, in behalf of the Boston and Lowell

road, that ever was made by anybody in behalf of the principle of consolidation. I have argued it over and over again, when it required argument, to show that it was desirable, and yet it is said now that we are opposed to consolidation. We are in favor of it, but we are in favor of a practical consolidation, that shall preserve the rights of everybody and make an advantageous development of the business of the Commonwealth.

What do we propose with regard to them? We propose to say to them, "Gentlemen, we will take a lease of your road and we will pay a rental based upon its present value, and we will put a condition in the lease that as fast as that road shall be increased in value we will pay an increased rate based on the increased development. We will put in that we will pay you on the additional value as it is developed." Let me say to my friends of the Vermont and Massachusetts, that I think they make the greatest mistake they ever made, that they don't put themselves in a position by which their development as a road shall be made as certain as possible. With the Fitchburg and Lowell roads united, with abundant credit and means, they can go on step by step, building upon a solid foundation, a substantial structure. The more they develop, the more the Vermont and Massachusetts is worth; and the more the road is worth the better it is, because it brings business to these terminal roads and therefore there is a common interest and a common power to make the Vermont and Massachusetts road all that, under the circumstances of the case, it is possible it should be made. I say they cannot get any more than it is worth, and we cannot in justice to the stockholders or in justice to the public offer less than that, and we don't want to. We simply say that without the development their value is conjectural, and we will give them power to realize upon the development of the road.

Judge Thomas.—Is that in your bill?

Col. George.—There is no provision in the bill, because your people have refused to have anything to say to us upon that proposition. We have simply the power to lease or buy.

In order that there may be no misapprehension—I never talks cider and mean lager-beer—[laughter]—we will agree that the gentlemen may put into the bill an agreement that we

shall be compelled to lease or buy the Vermont and Massachusetts, and if we disagree with regard to terms it shall be submitted to an impartial tribunal, to be appointed by the supreme court.

Now then, Mr. Chairman and gentlemen, I want you to bear in mind that whatever has been done by the Boston and Lowell road has been done by a road twenty-six miles long and with an original capital of \$300,000; that at the time when we bought our real estate in Boston our capital was only \$1,800,000, and that our capital and debt to-day is about \$5,000,000, and that we have got this to show for it:

First. Our original road.

Second. Ten acres of land all told in Boston.

Third. Thirty acres of land in East Cambridge.

Fourth. Thirty-two acres of land in Mystic River and twenty acres of dockage.

Fifth. The Mystic River Railroad.

Sixth. The Stoneham Branch; and

Seventh. The Lexington and Arlington road, which will be extended to Concord next spring.

I think that is doing pretty well in connection with the fact that all the time that road has been embarrassed with rivalries and conflicting interests of the line from here to Ogdensburg, with the failures of portions of the line, failures of the steamboats companies, and with everything else tending to render the large business on the line as inefficient as possible. In my judgment, sir, whether viewed in one light or another, the union of the Fitchburg and Lowell roads, enabling them to build wharves, put in sidings, and make terminations for the business that will come to them, will attract the business of the whole Western country, and will develop both lines, and will particularly put a great many new ideas into the heads of the class of men to whom I have referred, as to the obstacles in the way of the success of the line.

Now with regard to the Fitchburg road. Mr. Derby has given you a full account as to its early history. Is there any pretence that that road has not been carefully, well and prudently managed? I grant it has been managed upon a different policy, somewhat, than the Lowell road; that while our tendency has been to large expansion, that that has not charac-

terized the Fitchburg road. But there is no man that will get up and say that any stain of dishonesty has characterized the Fitchburg management. No man will get up here and say that ever one dollar of watered stock has gone into the Fitchburg road. There is not a man who will get up and say that any speculative wheel within a wheel has ever found a home inside the Fitchburg management. But to-day, sir, I venture to say that the Fitchburg road shows a property represented by \$4,000,000, which is larger, relatively, than any other railroad corporation in the United States.

Now, sir, the question is with the stockholders of this road, who, while they have been allowed to divide ten per cent., have been satisfied with eight,—whether they shall be protected in the development of this line.

I submit to you, Mr. Chairman and gentlemen, that while the Boston and Albany road as a consolidation is a success, the reason of their success was that both the Western and the Boston and Worcester roads had a fixed value.

Was the consolidation of the Hartford and Erie a success? If not, why not? Simply because after you had consolidated them there was not stiffness enough in the knees of the consolidated company to stand the load.

How is it with the Vermont Central? Was that a success? Why not? Because the consolidated companies were not strong enough; and the bigger you make a thing and put it upon a weak foundation, the more certain the structure is to fall, whether it be a railroad or anything else. Put your one gallon of wine of the Fitchburg into the thirty-nine gallons of water of the other roads on the line, and you won't get strength enough in the liquid to make vinegar for your beans for a Sunday dinner. [Laughter.]

Now let us look with regard to the immense strength of these two corporations, the Boston and Lowell and the Fitchburg. They have a capital of about \$9,000,000. Combine the property of these two roads, without the expenditures for purchase money, and they would furnish the business community of Boston for their Western business, or for business from any quarter, one hundred acres of solid land. One million dollars expended upon this one hundred acres, would put in twenty miles of sidings, erect an elevator, and do

whatever is necessary. It would come before the public as a well-founded, strong and solid corporation, which would have an abundance of credit. To-day the bonds the Boston and Lowell Railroad, seven per cents., without advertisement, sell at the office of the company at six per cent. above par, and the credit of the Fitchburg is equally undoubted. That credit could be utilized to the fullest extent, just as fast as the business requires that the development should be made. Is that the wisest way to develop the tunnel line, or is it the wisest way to put a line there that has got to make an expenditure which would startle the people of Boston, in order that that expenditure should come up to the requirements of the hopes and dreams of the friends of the tunnel enterprise?

Another thing, Mr. Chairman: I said that the question of consolidation was not to-day an open question for argument in this Commonwealth. It has become thoroughly settled. The intelligence of this Commonwealth has come to the conclusion, almost unanimously, but it has come upon the people by slow degrees. I can remember when the question of this consolidation was a question disputed, denied and talked over, and was a matter often before the railway committee. But intelligence has triumphed at last. There is another thing in which intelligence has triumphed in the railroad policy of the Commonwealth. The cheap and superficial idea has been that if you could run a road from Boston to some point with an existing road, and could get up a little competition and cause a ruinous, silly expenditure without adding anything to the facilities of the public in any way, without any advantage to passengers or freight, you were doing a smart thing for the business interests of the community. That time has gone by, and to-day there is not a successful railroad in the community but that knows that the more unnecessary expenditure there is in the building of useless roads, the worse it is for the community; for it only sooner or later comes out of the pockets of the community. Why, was there ever an illustration more pertinent to this point than the war between the Eastern and the Boston and Maine roads? two important, valuable roads, starting from Boston and terminating in Portland now, with large branches; and yet those two roads are running a tilt one against the other, and spending millions upon millions of

money without adding a single dollar to the public convenience, or giving facility to an additional passenger or ton of freight. Who pays this ruinous expenditure upon the extension of the Boston and Maine road, side by side with the existing road of the Eastern? They have nearly doubled their capital stock to foot these bills. The Eastern is now building to Dover, there to tap the Boston and Maine; and thus it goes on, until the two roads have spent so much money that their dividends are in danger, and then they will get together and settle up their difficulties, and the "dear people" have got to put their hands in their pockets and pay dividends on this squandered capital. Such competition ought to be stopped, for the benefit of the people and community.

But this higher sentiment has, I think, taken possession of the people of Massachusetts, that they should have all the facilities they properly can have, to properly and cheaply do their business, and that the roads should be held responsible for all reasonable requirements. That is the way to develop business, and not by this little puttering competition by which one man gets his freight carried for one price and another for another. I make this suggestion in anticipation of what I suppose is to be the suggestion of my friends upon the other side. They say they would keep the Fitchburg and Boston and Lowell by the ears. Gentlemen, we don't want to be kept by the ears, even to gratify our friends of the other side, and we don't mean to, and they can understand that. We have the same opportunity to go into this same foolish squandering of money which the Boston and Maine and Eastern roads have, but we propose, gentlemen, to arrange our differences before we squander our money, and because we can arrange these difficulties and can save money to the community is the reason we ask your consideration of this bill.

Let me say another thing. No man was ever yet born full-grown; and no railroad was ever constructed in a day or a year. The law of growth is as inevitable when applied to railroads as when applied to mankind. You may build your road, but when you have built it you take the business that comes upon it and it gradually increases with the development. You may develop it faster or slower according to the circumstances of the case, but there was never a more foolish

idea than that the cutting that hole through the mountain is going to let a mass of business into Boston at all events. If you can by means of that tunnel route bring business to Boston cheaper and quicker, and can show a better line in any other respects; if you can show better terminal facilities and an easy road, you will attract business to the tunnel route. If on the other hand you are not prepared in all these respects, then you have got to compete with the Boston and Albany, and you won't get the business over the tunnel route. Therefore I say, Mr. Chairman, for the success of the tunnel route there has got to be energy, brains and money. They have all got to combine, and if you don't have that in the company, you will have, in my judgment, another failure as disastrous as the Hartford and Erie or the Vermont Central; as disastrous as any consolidation will be when you load the knees so heavy that you break the team down.

There is another thing. The State of Massachusetts has done two noted things in the way of public improvements in this instance. First, in encouraging and assisting the construction of the Boston and Albany; and second, in its munificent appropriation and its tenacity of purpose in having a hole through Hoosac Mountain. It has spent millions of money taken from the people on the ground that it was to be a benefit to the entire Commonwealth. What the result will be is barely conjectural. You may go out into the street and you will find one man who will tell you the Tunnel cannot pay interest upon \$1,000,000. Another man will convince you, or himself, that the Tunnel will pay interest on \$10,000,000. Now as it is a case of conjectural value, I believe, as a matter of public policy, that although if we owned that line we should probably be just as selfish as anybody else in our desire to get possession of the tunnel line, so as to have the exclusive line running through as far as our line was concerned, I not only believe it to be the public sentiment of Massachusetts, but it is justice that the State should hold to that Tunnel until its value has developed, and until its effect is to be seen in a business and financial view. If the Commonwealth, having spent \$10,000,000 or \$12,000,000, has made a Tunnel which is to be a financial failure, does the Commonwealth want to impose that failure

upon any corporation? And if the Commonwealth has made a financial success, the Commonwealth and the people are entitled to the benefit of the success. Beyond all this question of stock-jobbing comes the other question, Whether a property constructed by the entire means of the entire Commonwealth, shall be kept to the entire benefit to the entire Commonwealth. If the Boston and Albany wants to have a branch connecting with it, let them have it: and if Mr. Stone of the Massachusetts Central wants to use it, let him do so and have the same interests with everybody else; and so of the Vermont and Massachusetts. Why, there are forty ways by which that Tunnel could be used and the State retain its interest in it, and offer to every one that asks, its full facility, and all bitterness be avoided.

There is another consideration to which we ask your attention. By the union of the Lowell and Fitchburg roads, we not only bring the two companies into connection between the West and Boston by that route, but by means of a property owned by the Lowell and Fitchburg roads we will connect Salem and Lawrence with the tunnel line, without running over anybody-else's road. Only yesterday I received a letter from the city government of Salem, stating that they felt a great interest in the success of our plan for the development of the Tunnel, because they would have direct communication with the line.

Gentlemen, I have detained you much longer than I intended, and I beg your pardon for the somewhat discursory and scattered tendency of my remarks. I can only say that we ask for a careful investigation. I think we present a plan that is practicable, and that promises success. We think our past history shows that we mean business, and if, with safety to the Commonwealth and justice to all its interests, you can give us the bill, we will promise to do with that bill as we have done with every grant that has been made us by the legislature of Massachusetts,—utilize it according to its spirit and letter.

R E P O R T

OF THE

SEVENTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

FEBRUARY 13, 1873.

BOSTON :

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

SEVENTH HEARING.

The seventh hearing was devoted to the interests of the citizens of Boston and of the State, many of whom were present.

Mr. C. C. Coffin was the first to receive the attention of the Committee, and he addressed them at some length in the following statement :—

REMARKS OF C. C. COFFIN.

Mr. Chairman and Gentlemen:—I oppose, at the outset, the giving up of the Hoosac Tunnel into the hands of any corporation. I oppose, also, the surrender of the franchise of the State in that Tunnel. I believe that, and without giving any reasons for it, I will pass on to the consideration of the other schemes,—one from the Railroad Commissioners, that the State shall take the four connecting roads. That, also, I oppose. I will not stop at present to give my reasons. There is another proposition for the consolidation of the Fitchburg and the Boston and Lowell Railroads, and without committing myself in favor in all respects to that proposition as it stands at present, I shall have something to say in regard to the advantages that might be derived from it, for there are some things in it that should have the careful consideration of the people of the Commonwealth. My general remarks will be in regard to the future of Boston, and in regard to the future of this State. I shall not go over the ground already gone over, but I shall proceed at once to speak from my personal observation, not only of the relations of Boston to the Great Lakes, but of the relation of Boston to England on the one hand, and China and Japan on the other, and I shall bring before you some facts first in relation to the grain trade of this country. What is that grain trade? The imports of wheat and flour into England for the years from 1860 to 1870

amounted to no less than 730,000,000 bushels, or an average of 73,000,000 per year. This was wheat and flour only; the importations of other kinds of grain amounted to about as much more during these ten years, or showing a grand total of 1,400,000,000 bushels of grain carried into England in the years I have named! Of the wheat sent to that country, $27\frac{1}{4}$ per cent. came from the United States, 5 per cent. from the Canadas, making about one-third of the whole amount shipped from this country. About one-third of the remainder came from Russia, mainly from the port of Odessa on the Black Sea. The question before the people of this State now is, not whether they can secure a portion of the grain-trade now controlled by New York, but whether they can take out of the hands of Russia that entire amount of grain carried from that country to England, amounting to as much as is carried across the Atlantic from the United States. England will pay this year, says the highest authority on this subject, the "Mark Lane Express," \$195,000,000 for breadstuffs, and the question that recurs to us is, can we secure that trade? The distance from Liverpool to Odessa is about 3,800 miles. The vessels engaged in the Russian grain-trade are mostly sailing vessels; they carry nothing out to Odessa, and they bring back grain at very cheap rates. Can Boston compete with that port for that trade? Without going into the argument of how cheaply grain can be carried from Odessa to Liverpool or London, I shall pass on to the question of how Boston can send out that grain. New York sent out about 47,000,000 bushels of grain last year. First, let me say that there are three ports which now have and hold the grain-trade of this country—Buffalo, Oswego and Montreal. The receipts at Buffalo last year were 92,000,000 bushels; at Oswego, 14,000,000, and at Montreal a little over 16,000,000 bushels. This trade in Montreal has increased very rapidly. I have not the figures with me, but I know that ten years ago it was scarcely anything, and now it has gone up to 16,000,000 bushels, and the people of Buffalo are anxiously inquiring whether the entire trade of that city is not going to Montreal. New York is getting alarmed on this subject, because it has been ascertained there that if grain can be carried one cent cheaper past New York than it

can be carried to New York, the trade will pass entirely away from that place, and therefore Buffalo opposes to her utmost the construction of the Niagara Ship Canal.

The receipts at Buffalo by the lake last year were 61,000,000 bushels; by the Lake Shore route, 24,000,000 bushels; shipped by the Erie Canal, 51,000,000 bushels. Now the people of Canada are about enlarging the Welland Canal, and also the canals along the St. Lawrence. The proposition on the part of the people of New York—a bill is now in the hands of the legislature to be reported next week—is for the construction of a ship canal from Lake Champlain to Albany. It is to accommodate all kinds of vessels, but particularly those engaged in the grain-trade. For this reason we have the Welland Canal, admitting the passage of vessels of 600 tons, and the Canadian government have already voted money enough to enlarge it so as to admit vessels of 1,500 tons, so that vessels of this size may load at Chicago and Duluth and come down to this point and discharge their cargoes at Montreal. There is another project in Canada which has no subsidy, but for which there is a charter. The Caughnawaga Canal is twenty-nine miles long, running from Saut St. Mary's, nine miles above Montreal to St. Johns. That canal can be constructed for \$2,500,000, and have but two locks, so that vessels may load at Oswego with grain, or at Duluth, and come down and discharge at Burlington, two hundred twenty-six miles from Boston, or at Ticonderoga, two hundred and one miles from Boston.

If that vessel proceeds down to Whitehall it will be 250 miles from Boston. The bill before the New York legislature is for the survey of the Champlain Canal, 76 miles from Whitehall to Albany, at an estimated cost of \$20,000,000. But let us see in regard to time what the case will be when that canal is constructed. Last year grain was taken from Chicago in the month of June, to Buffalo, for four cents per bushel; it cost from Buffalo to New York, by the Erie Canal, and by the Hudson River, in the month of June, ten cents per bushel additional, not including the tolls, making the entire lowest cost thirteen cents, from Buffalo to New York, or about seventeen cents from Chicago to New York. In the months of October and November, those freights went up to

seventeen cents, from Buffalo to New York. Now it has been demonstrated that grain can be carried by lake at a cost of about two mills per mile. The present cost on the Erie Canal, including the tolls, the lowest cost is thirteen mills per mile. Now with this system of canals constructed, grain may be taken from Chicago to Burlington, within two hundred twenty-six miles of Boston, or to Ticonderoga, two hundred one miles from Boston, not to exceed seven or eight cents.

Then in regard to time. The time from Buffalo to New York at present, by the Erie Canal, is twelve days. Shippers at Buffalo think themselves well off if they can send a barge to New York and get it back again during the month. But this line of canals constructed, the time from Oswego through the Welland Canal will be about two days additional, and then one and one-half days by rail to Boston. Coming down by these two systems of canals to Burlington, the time will be by the Caughnawaga Canal to Boston, four and one-half days, against three and one-half days by the Oswego line, and when at Boston, we are one day nearer to Liverpool than at New York. The time after the construction of this canal to New York will be two days longer than it is by this route to Boston. So that if that Champlain Canal shall be constructed by the State of New York, and the Erie Canal be given up, as in all probability it will be, Boston will then be between the grain-fields of the West, with a difference of from two to three days advantage over New York. Looking from this standpoint, that it is in the power of Boston to take the grain-trade of the continent out of New York, and not only the present grain-trade, but if I had time I would demonstrate that it is in the power of Boston to take that immense trade away from Russia, and transfer it to this port.

Let us look at Montreal. Montreal is seeking to obtain the grain-trade. She has increased her shipments from nearly nothing to 16,000,000, within the last ten years. But her port is a closed port in the winter months. Grain does not start from the fields until the last of August, and there are about two months—September and October—or at most, two months and a half, during which time grain can be shipped there. Now let Boston build her store-houses at Burlington

and at Ticonderoga, along the lake, where land costs nothing, and store-houses can be built at cheap rates; where elevators can easily be provided, and the shippers of Boston may hold this grain trade, and the importers of Liverpool won't have to have it dumped down upon them all at once at a moment's notice.

Now look at the lumber trade of this country. There are three great lumber ports, Oswego, Chicago and Burlington. Where do we get our lumber from? All of it from Canada. The shipments at Oswego last year, were 289,000,000 feet; at Burlington, 300,000,000. By the system of railroads to Oswego and this line to Burlington, with the Caughnawaga Canal, we can bring lumber to New England cheaper than ever before.

But passing on to the country behind. You have seen in the papers something in regard to the Canadian Pacific Railroad. I happen to know something about it. It has received from the British government \$15,000,000, that was voted on the condition that British Columbia, on the Pacific coast, should come into the Dominion with the Canadian government, and undertake the construction of the railroad within two years from the 20th of June, 1871, and that the road should be accomplished within ten years from that time. The Canadian government has also voted a subsidy of \$15,000,000, making in all \$30,000,000, and the company has a right to bond the road at \$40,000 per mile. In Canadian territory they also receive twenty-six thousand acres of land per mile. The president of the company, Sir H. Allen, the owner of a line of steamships from Liverpool to Montreal, has publicly declared that it was utterly impossible to construct a road from Lake Nipissing above Lake Ontario, and as a result they will construct their road below the lake and connect with the Northern Pacific at a point on the eastern boundary of Wisconsin. The roads will have an almost common terminus on the Pacific coast, and the Canadian may be made, by the connection with the Northern, tributary to the city of Boston. When you pass about one hundred and fifty miles to the west of Lake Superior, you come to the valley of the Red River of the North. I have gone over it again and again. You start your team afield at that point and drive due west-

ward toward the setting sun, and turn an unbroken furrow,—except when you will cross a river,—that shall be as long as from Boston to Concord, New Hampshire. You may start at the great southern point of the Red River territory and go north toward Lake Winnipeg, and you could turn another furrow that should be unbroken, with the exception of when you cross a river, that will be as long as the distance from Boston to Baltimore.

As to the resources of that country, the average harvest of the State of Minnesota is from eighteen to twenty bushels of wheat to the acre. But there is a portion of the valley of the Red River of the North that produces forty, sixty-five and sixty-eight bushels to the acre. I have brought with me, that you may see it, specimens of the quality and character of the grain raised in these north-western lands. It was my privilege to attend the Exposition at Paris, when the grains were brought from all parts of the world, but I think I never have seen any that surpass those on the table. Again, you may start at St. Paul and go in a straight line in this north-western direction far above the limits of this map; you may travel eighteen hundred miles, and it shall be one wheat-field all the way. But how is it to reach the seacoast? It is to come by this great water-way, and not by railway. You may float on the stream of the Red River Valley up the Sackatchewan twenty-five hundred miles with only one interruption to navigation, and that can be overcome by a canal three miles long. I admit that it is colder there during the winter months, but during the summer months it is one of the most beautiful climates in the world. The isothermal line, coming through central Maine, Vermont and Massachusetts, passes through Montreal and runs away to the north-west coast. It is a country that is to be densely inhabited during coming years. Now we are having this development of railroads. The Northern Pacific is constructed to the Missouri River, and there is a line of steamboats running up the Missouri and bringing Montana within reach by rail with Boston. And the Northern Pacific Company this very week and day are concluding a contract to start from the Columbia and build three hundred miles of the road, and had it not been for the hostile Indians there would be at the opening of the spring two hundred miles completed

from that point. These two great highways, the Canadian Pacific and the Northern Pacific, are in process of construction, and are to be completed as fast as money can be raised, and with \$30,000,000 to start with, there is no doubt but that they will soon be completed.

But in regard to the distances across the continent. Let us see how we stand with reference to that section of the country. Let us start from Boston. Four hundred and six miles to Ogdensburg; eighty miles completed there, reaching to the outlet of Lake Superior; and passing on to this common point where we unite with the Northern Pacific, we have a distance of 1,406 miles by this line. Starting from New York, we have from New York to Chicago 998 miles, to St. Paul, 400, and the remaining distance 256 miles, making in all 1,654 miles, a difference in favor of Boston of 248 miles. I have taken the Lake Shore line. I say here, without any possibility of dispute, that the facts of nature are in favor of Boston, and that she can lay her hand to-day upon the whole of that vast region. Now when we come across the continent, we find that by the Northern Pacific line the distance by the surveys from Boston to Puget Sound by this line is 3,003 miles. From New York to San Francisco is 3,387 miles, or a difference of 385 miles between Boston and the Pacific Ocean, and New York and the Pacific Ocean, by the present lines. Then when we reach the Pacific Ocean, we find that we are some 358 miles nearer the Orient. There are four great mountain summits crossed by the Union and Central Pacific roads, but there are only two summits crossed by the Northern Pacific, and our highest elevation is but 4,500 feet above the sea, with no grades in crossing the high land. Between Boston and the Pacific coast, by the Concord and Northern line, and the Vermont Central, there is no grade exceeding fifty feet to the mile; whereas, when you go toward San Francisco over the Sierra Nevada Mountains, you travel sixteen miles at the rate of 116 feet to the mile by the Union Pacific. I am simply stating physical facts, and from these facts we will draw our conclusions. Now take the estimate of the New York State engineer in regard to the grades and distances. Change grades into distances, and we find that in going west we have by the Northern Pacific line 5,500 feet, and coming east

6,400 feet ; on the Union Pacific line going west 13,630 feet, and coming east 14,530 feet, making an increased distance per mile ; making the increased distance by the Union Pacific and Central Pacific roads over the Northern Pacific road 647 miles going west, and coming east 775 miles.

Now, with these facts in view,—for they are facts taken from the books of engineers,—I ask every man in this room to look at this question and see what is the probable future in regard to this great North-west, between the power that Boston shall have over it and the power that New York shall have over it. I ask you to take into consideration here that there is a great water-way, with the construction of these canals of which New York is in favor to-day, and that we can bring the grain of this section to Boston cheaper than it can be carried to New York.

Now, Mr. Chairman, we have spoken of the grain-trade. I want to call your attention to one other fact, and that is that Massachusetts is a manufacturing place. She has a large amount of capital in the cotton factories, and she has but one rival ; that is England. It was my privilege to be on the other side of the globe a few years ago, and I looked somewhat into the trade of England with the Orient. In 1867 America sent out 2,000,000 yards of coarse cotton goods to China ; England sent 329,000,000 yards ; to-day America is not sending a single piece of goods to China, so far as I know. Why does China want these cotton goods ? Because there are 450,000,000 people in that empire that must live from hand to mouth. Their clothing must be of the cheapest possible fabric and coarse cotton goods are in great requisition. Taking her cotton from India,—from Bombay and Calcutta,—England manufactures it at Rochedale, Lancashire and Manchester, and it is sent by the Peninsula and Oriental line in hermetically sealed cases, because in passing through the Straits of Gibraltar, the Mediterranean and Indian Ocean, almost two-thirds of the distance, it passes through a humid climate, and goods cannot be sent to China in any other packages than those that are air-tight. I have seen American goods packed in the usual way, that were mildewed and spoiled by the atmosphere and were sold for two or three cents per yard when they should have brought fifteen. England has taken

the trade entirely out of our hands, and it is increasing immensely. Now, sir, what is it in the power of Massachusetts to do? We have cotton-fields here near at hand where the material can be brought from Mobile and Charleston, and we have manufactories at Fall River, Lowell and Lawrence, and with the construction of that line of railroad you will give cheap transportation across the continent to this point, and put it into China twenty-six days in advance of any that can be sent out from Liverpool. It is in the power of Massachusetts to-day, with the construction and opening of this great highway to the Pacific to take all its increased trade out of the hands of England, and dot all this barren country where there are so many water-powers undeveloped, with Manchester, Lowells and Pittsburgs, that shall manufacture goods for these 450,000,000 of people on the other side of the globe.

Another element is the rise of labor and the rise of the price of coal in England. To-day it costs for coal in England 53 shillings per ton in the city of London. I put the question to an engineer, and he said, roughly, that coal could be shipped to-day across the Atlantic cheaper than it could be raised from the low levels which have been reached in the English mines. As I have looked at the changes which are going on in England and seen the development which is going on here, I have come to the conclusion that the power of England to give manufactures to the world has culminated, and that the time is rapidly approaching when it will be in the power of the people of the United States to take out of the hands of its cousins across the water the vast money-trade which now makes her the banking-house of the world. The ships that carry out goods at cheap rates across the Atlantic will bring back goods at cheap rates. If Boston can send her grain across the Atlantic cheaper than New York, the same ships will bring back goods to this port cheaper than they can be taken into the city of New York. But it is not the export of grain only, it is the import trade of this country that it is in the power of Boston to grasp.

What does that mean? It means the building up of a mighty city; the building of more wharves, and that your harbor shall be filled with steamships and sailing vessels from every part of the globe; it means the spreading out of your

city on these hills about us ; it means the coming of the buyers from every portion of the West to purchase goods here where they can be brought cheaper from England than they can be brought to New York ; it means the building up of the manufacturing interests of New England.

When you get upon the Pacific coast one remarkable physical fact is to be seen. You may start from the Isthmus of Darien or Tehuantepec and come north along the coast and you will find but two harbors on the Pacific coast that commerce can ever use,—San Francisco and Puget Sound. The mouth of the Columbia is closed by a bar which makes it dangerous to navigation, and Puget Sound is to be the great northern gateway of this continent. Everywhere else for 800 miles from this point to San Francisco you have a great mountain-range rising sharp and steep from the sea, and no place where a vessel can obtain safe anchorage, or where you can get communication with the interior of the continent. Therefore San Francisco and Puget Sound are all that we have. But once across the continent you are where Boston can control the trade and the tide of travel between Europe and the old world. It is only when you have studied this question, and the question of the future of Boston in all its relations, that you can comprehend what it is in her power to grasp. I spoke of a banking-house. Perhaps it is looking too far off, but I say, in my deliberate judgment, that if the people of Boston, if the business men of Boston, and if the people of this Commonwealth will study this matter in all its aspects, and if after having seen what the possibilities are if they will take hold of this great question as it is capable of being taken hold of, that they will stand a very fair chance, when this country has become the great and populous country of the world, to be the successor of London in that respect.

A word about the future of this country. I remember an evening in 1831 when a gentleman came to Academy Hall, in my native town in New-Hampshire, to give an address on the philosophy of steam. He put a circular-railway track in the centre of the hall and lighted a fire under the boiler of his miniature engine and it went around the track very rapidly, much to the amusement of every one. There was not a locomotive in the United States. To-day there are 50,000 miles

of railroad. In 1831 there were fifteen inhabitants in the city of Chicago. In 1833 the State of Iowa, with a population of 1,250,000, had its first inhabitant. The first furrow turned by the first pioneer was turned in 1833. In 1850, when Minnesota came into the Union, she had 6,077 inhabitants. In 1856 she had 1,700 acres under the plough, and to-day she raises 30,000,000 bushels of grain. But this is but the beginning. Look at the future. In 1830 the entire population of the United States was 12,820,000; to-day the population exceeds probably 40,000,000. Twenty-seven years hence the same ratio will carry it up to nearly 100,000,000.

Now, sir, in view of this unparalleled progress in the history of our nation, in view of the possibilities of the future, I ask you, and the gentlemen associated with you, to look at this great subject of the consolidation of railroads, not from any small standpoint, but to give it wise statesmanship,—for this is a question where statesmanship of the highest order should come into play, and where any consideration of the stockholders of any line of railway should not have any prominent importance; but it is a question, sir, whether Boston shall become one of the great cities of this continent; whether Boston and Massachusetts, with its civilization, that has been given to the world, and which makes her the pride and the glory of this country to-day, and which has sent her fame farther over the world to other nations than any other State in this republic, shall be our great commercial centre. I ask you to take into consideration these facts in the settlement of this question, and that you shall look, not at the present, but at the great future that it is possible to grasp.

HON. JOSIAH QUINCY.

I merely wish, sir, at the present time to make a statement of the ground which I propose to occupy, and in order to do that I shall ask leave to read my petition, which is as follows:—

To the Honorable the Senate and House of Representatives in General Court assembled.

The memorial and petition of the undersigned, Josiah Quincy, respectfully sheweth: That, as is well known to your honorable

body, the question how to deal with the railroad corporations of this country in such a way as effectually to regulate the rates charged for the carriage of persons and property is continually becoming more serious and complicated, and is now engaging the attention of Congress and of the legislatures of all the States of the Union without any apparent prospect of a satisfactory solution :

And whereas the experience of many years in all countries has conclusively shown that the protection of the public interests in this matter cannot be left to the operation of the natural laws of competition, and of supply and demand, for the reason that combination is always possible, and in practice is invariably effected among private corporations owning and operating lines of railroad ;

Also, that for reasons conclusively set forth in the Report of the Board of Railroad Commissioners of this Commonwealth for the present year, recently submitted to your honorable body, all attempts to effectually regulate and control the charges on transportation by Act of legislatures, have, both in this country and in Europe, wholly failed to accomplish that result, and through the introduction of grave political corruptions have tended rather to aggravate than to relieve the existing difficulty ;

And it further appears, as set forth in the aforesaid report, that such result has been accomplished in certain countries through the ownership and operation by the governments thereof of a portion of the railroad lines within the limits of such countries ; and, further, that in the cases referred to, and in said report more particularly set forth, this result has ensued, not from a legislative or governmental interference with the management of railroads owned by private corporations, but through the influence of a secured and healthy competition between railroads owned by the State and those owned by individuals ;

And, finally, as is well known to your honorable body, large sums of public money, amounting to many millions of dollars, have been expended in the construction of the Hoosac Tunnel in this State, and that the work on said tunnel is now so near completion that bills are pending before your honorable body looking to the consolidation of the railroad lines connecting with said tunnel into one corporation, to be in large part owned and controlled by private parties ;—

Therefore, for the reasons above set forth, your petitioner now respectfully prays, that in organizing a through railroad route between Boston and the West, by way of Hoosac Tunnel, your honorable body will not allow a controlling interest in the corporation owning such thoroughfare to pass into the hands of any private individuals, who will assuredly effect ultimate combinations with those owning

other competing thoroughfares, to the great detriment of the public ; but that instead of so doing, and thus jeopardizing the great public benefit which might be made to result from the heavy outlay of the Commonwealth in constructing said tunnel, you will take measures for the assumption by the Commonwealth, under its reserved rights, of the property and franchise of the Fitchburg and the Vermont and Massachusetts Railroad Corporations, with a view to the public ownership and the perpetual management in the public interest of this portion of the railroad system of the Commonwealth, to the end that an effective railroad competition may hereafter be secured, and that one channel of communication, uncontrolled by individuals, may forever exist between the people of Massachusetts and those inhabiting other portions of their common country.

All of which is respectfully submitted by your memorialist,

JOSIAH QUINCY.

BOSTON, January 27, 1873.

That, Mr. Chairman, is the petition which I have had the honor to present to the legislature. As to the necessity of consolidation in some form, and as to the truth of Mr. Bates' statement, there will be little difference of opinion,—that all attempts to regulate the charges for transportation by legislative enactment have failed, and that the combination between rival lines has prevented its being effected. Rival lines of steamers may compete, and the one that has the greatest capital may run the other off and have the whole business to itself ; but railroads, once constructed, are fixtures. If, for instance, there were a road parallel to the Boston and Albany, they would certainly combine, and the basis of the combination would be to make the public pay such prices for transportation as would insure handsome dividends to the shareholders of both.

“ But they, like lawyers, though so keen,
Like shears ne'er cut themselves, but what's between.”

Take another case. The watered stocks on the line between Chicago and New York amounts, it is said, to \$77,644,770. For this the shareholders have never paid a cent, and on this they are receiving annually, \$1,500,000 dividends. The cash value of this watered stock would build a double-track road, with steel rails, for the whole distance, at the rate of \$79,000

per mile. If there were to-day such a railroad in existence, under the control of the people, that could not be bought up, the farmers of the West would not be burning their grain for fuel, nor would the people of Massachusetts be paying the present exorbitant prices for food.

There are now two great competing lines for the business of the West; namely, the Boston and Albany and the Boston and Lowell roads. In a few months there will be a third, a great part of which will have been constructed by and owned by the State. Shall it become a branch of the Boston and Lowell Railroad? Shall it be consolidated with the Fitchburg as an independent line, or shall the control of it be taken and remain under the regulation of the people of the State? If under the control of a corporation, it will be run with such a combination as will best conform to the interests of the stockholders. If under the control and supervision of trustees appointed by responsible officers of the State, it may,—as has been done in Belgium,—become the regulator of the prices of transportation. The railroad commissioners, in their report of 1871, are of the opinion that it could be so managed as to pay the interest on the cost and insure a liberal compensation for the lease of these roads to the State, protect the interests of the people and do full justice to the competing lines. The adoption of such a plan will of course be opposed by all the railroad interests of the State, and of the country, but the legislature of Massachusetts as the representative of the great people, will have to point to the best system, which has been successful in Europe, in settling the question as to the best mode of regulating rates of charge for the transportation of passengers and property here.

Gentlemen, I could take up a great deal of your time in discussing this question, but I merely wish to have the subject fairly brought before you. If at some future time I am granted a further hearing, I will endeavour to bring forward the statistics, and get some eloquent gentleman to address you upon this very important subject. I think the only thing necessary now, is to have the question fairly stated, and I have no doubt that the decision of the legislature, and the opinion of the merchants, of the working men and of all the men in the community will be, that this experiment should be

tried. It has been successful in Belgium, and it will be, I believe, successful here. On the 67th page of the Railroad Commissioners' Report of this year, you will see an account of the operation of the system in Belgium. That is all I have to say.

The Chairman.—Have you any specific plan to present to the Committee?

Mr. Quincy.—I have not prepared any bill, sir: I understood that I should be heard further, and will prepare a bill to present at that time, if it be desirable.

Col. Codman.—Can you give the Committee any idea of the plan you would suggest for the State to take the line of railroad from Boston to the Hoosac Tunnel? Can you demonstrate your plan?

Mr. Quincy.—No, sir, not yet. I should want time for consultation.

Judge Thomas.—Your plan does not include anything beyond the Vermont and Massachusetts and the Troy and Greenfield?

Mr. Quincy.—I propose to go as far as the State goes. One great advantage is, that the line is entirely in the State. What further is to be done, of course, is in the judgment of the Committee to decide. For myself, I want to have one line that has no watered stock in it. If the State owned a line that could not be bought or controlled, and were to compete with a line that had \$77,000,000 watered stock, I think we might easily float over it.

HON. WILLIAM B. SPOONER.

Hon. William B. Spooner addressed the Committee as follows :—

I don't know but I may have been superseded. I have not come here with any statistics, Mr. Chairman, but I come here simply and in a few words to advocate the plan just proposed by our honored friend, Mr. Quincy, which has been presented to you by various individuals.

I am in favor, Mr. Chairman, of having the State of Massachusetts hold the line of railroad from here to the New York line, and of her trying the experiment which has never been tried, which no railroad ever thought of trying—at least

no railroad stockholder ever thought of trying—to see how low it is possible to carry freight. I say that has never been tried. The question has always been, by every railroad man, how high freights could be obtained to get the most money. I want to argue a little upon what we know of human nature. Massachusetts is a manufacturing place, and must be so if it is to be anything. We are to manufacture for the people of the West and South. We labor under a disadvantage. We are further from our customers than any of our competitors. New York is nearer to the South and West, and Philadelphia is considerably nearer. Philadelphia has advantages over us in another particular; she has a rich agricultural State, and the products of the earth are more abundant and cheaper than ours. Freight transportation is less there than with us, because they are nearer their customers. Now, sir, if we are to stand that competition, we have got to have our transportation at the lowest possible rates. I say, sir, that that has never been tried. Every railroad man, if you know any thing of human nature, asks the question, “How high freight can I get?” Of course he is compelled by circumstances to consider that he must do a certain amount of business, but he tries to reduce the question to the point where he can do the least amount of business and make the most money. Just as I do my business, exactly. If you place it in the hands of a private corporation—all your freight business—and leave them to make the best bargain they can, and they have got the monopoly, of course they will want to do a comfortably small amount of business, and get a large price for it. Is not that human nature? Now, sir, that will never do for Massachusetts. We want to have somebody who has the power to do this business, and who has the motive every moment to gain the advantages possible to be gained. The question should be, How much business can we do and live under it? We are living under a perfect monopoly now. There is scarcely such a thing as competition. It would be almost literally true if I should say there was no competition, but you cannot say exactly that; but we are very close to it. There are three or four lines of railroad who have the monopoly of the business; they sometimes clash a little, but they are good-natured and intelligent men, and when there is business enough for them

to get just whatever price they please, they understand each other very well. If I and three or four of my neighbors had the selling of all the leather in Massachusetts, and nobody had any right to sell it but ourselves, what do you suppose we would do? I don't think that I am so near perfection but that I would charge a pretty good profit, and I should think it was a great deal better to do \$1,000,000 business at 10 per cent. than \$2,500,000 at 4 per cent. You are living under just such a monopoly as that, and there is no competition that reduces prices.

A few years ago there was a great rage among railroads in England. Most people thought that competition reduced prices. But it was not as profitable as they wished, and all combined together, and they charged me \$10 in gold to go from Liverpool to London, a distance less than from here to New York, for which we charge \$4 or \$5; and I suppose—I don't want to make any rash statement—that passengers can be carried from here to New York for \$3, and \$2.50 to Albany, and they could live and make money on it. There is no mistake about that. But this is the condition you are in. There is nobody asking how cheap this freight can be carried, and there is no reason on earth why they should. Now I propose that Massachusetts have a little courage and enterprise and try the experiment, and see if somebody or other cannot ask how low it is possible to carry freight and passengers. My plan is just simply this: for Massachusetts to own the road and run it. I don't know that this is the best thing that you can do, to take the remaining parts of the line through the Tunnel. My opinion has been all along that Massachusetts should find the most feasible route, and make the road and run it right up to the New York line, and let those who can do business cheapest come down and do our business. Do one or the other. I wish that as soon as the frost is out of the ground, that work would commence and a road be built up to that Tunnel, and set at work as quick as possible. Now then, you are of course met at once with, "Oh, that is private business!" Well, sir, the State has done a great many things; nations have done a great many things. Railroads have been run by the State, and I don't know that any private corporation was ever managed with more integrity and fidelity and

cheaper than the United States Treasury during the war ; and ever since has it not been conducted by the strictest integrity, and perfectly economically ? And has not the post-office been managed in just the same way ? I recollect myself, as long ago as I can remember, that there was a great deal of trouble in the manufacturing interests of Massachusetts. There were a great many failures of corporations, and a great deal of commercial distrust. Everybody was poor ; everything was going wrong, and there was no prosperity. They wanted to know the cause. "Oh," they said, "these great corporations are managed by individuals who have not any particular interest in the business, and they cannot compete with private enterprise." They said of a man who put up a little factory and managed it himself, that the stimulus of self-interest makes him more successful than a corporation. But that has died out, and Massachusetts business is carried on by corporations, and all private enterprises die out from the competition. They cannot stand it any way. Now I want to know the difference between putting a smart, enterprising man at the head of a manufacturing corporation in Massachusetts or the State's putting a man of ability and integrity at the head of a railroad and letting him manage it under certain rules and regulations of a board of directors of course. I can pick out a man that can do this job without any trouble. The men are to be had. It does not require self-interest ; it does not exist in the manufactories of Massachusetts. There is many a man in the manufactories of the State who is the brother of a cousin, or something of that sort ; but they prosper, nevertheless. Generally there is one in the concern who has ability and sagacity, but the others are but figure-heads. No, sir, there is no other way. Considering this question and that and the other, you have got to have a road managed by the State. Some say it will be a heavy tax upon the State credit.

If you see a man in business, worth one hundred thousand dollars, and he runs in debt one hundred thousand dollars and makes money all the time, you don't think that he tries his credit much. Here is a concern worth ten million dollars, and they owe ten million dollars, and have a capital of five hundred thousand dollars, will you not say that a man who draws out his money from that institution is a fool ? Why, if

the State of Massachusetts owes fifty million dollars, at five per cent., and has no income, then the taxes fall heavily ; but if they own a railroad, based on bonds at five per cent., and they get six per cent., they are making money all the time, are they not? There is no doubt that you have got to try this system, and when you have tried it you won't give it up. The railroad speculators are the greatest tyrants and robbers of the people. The innocent stockholders of railroad corporations have been the subjects of plunder by these immense piratical speculators altogether too long. Don't understand me to say the individuals who manage the roads in Massachusetts,—they are managed by men of high character, and I would not say a word against them ; they are only acting just as everybody does, from the dictates of self-interest.

Mr. Bates.—Supposing the plan of State ownership were not adopted, and then the question came upon the two plans of the Vermont and Massachusetts, and of the Boston and Lowell, which would you be in favor of?

Mr. Spooner.—I have had so little time that I am not prepared to say. I will say, however, that that Tunnel ought always to be open for everybody who wants to run through it. There is no such thing as regulating freights by the legislature.

EX-GOVERNOR WILLIAM CLAFLIN.

Mr. Chairman and Gentlemen:—What I have to say in part has been already said by my friends, Mr. Quincy and Mr. Spooner, so that I shall occupy but a few moments of your time. The sure completion of the Tunnel brings before you the most important question which has engaged the attention of the legislature for many years. It has brought before the legislature parties who have never made their appearance before,—parties who have never sought to take any interest in the condition of the Tunnel till the present time. I suppose that people all understand that they see that this is to be a great and important work,—a strong competing road for all the great business of the West which has been so fully detailed to you by the opening address. Now I suppose that all the gentlemen representing the mercantile interests of the community would say at once that the State would do a wise thing to take possession of this road through to the State line

if it could be run economically upon the best principles and for the good of the Commonwealth. It will be remembered in the first place, that the great through routes to the West through the State have not been accomplished except by assistance from the State, with, perhaps, the exception of the Northern line. The Boston and Albany line was built by the assistance of the State, and probably could not have been built until much later except for the immense assistance given it by the State. I presume no body of men would ever have come forward and have taken this tunnel-route. That Tunnel must have been constructed by the State,—the six or seven millions furnished by the Commonwealth, for it could not have been furnished by a railroad corporation. The cost of the Tunnel to-day, with the interest, is about nine million dollars, and two million more is necessary to complete it; it will have cost about twelve millions one year from this time.

Now on financial ground alone, the State has the greatest interest in this Tunnel. Here are the roads to the West, the Fitchburg, Vermont and Massachusetts,—all of them did not cost so much as the Tunnel. Place the cost of each of the companies together, and the State is yet one or two millions ahead. So on this ground the State has the right to take the Tunnel. Again, the State has a perfect right to take the connecting lines of the Tunnel by the law and by the charters of the roads, whenever the State supposes it to be expedient to do it. Every stockholder that buys a share of stock in the Vermont and Massachusetts or the Fitchburg, buys it with that risk. Then again, you know that with the remedy which the legislature has provided, the State cannot take any road at injustice to the stockholders. I believe if the State is going into the possession of any railroad it will go in without any injustice. The stockholders of the Fitchburg road, for instance, have a perfect safety in the Great and General Court,—the grand inquest of the State. So that on this ground the State has the right to take the roads. Then we come again to the expediency. That I think has been fairly stated and argued by the gentlemen who have preceded me. The question before the State of Massachusetts to-day, is the question of cheap food and cheap transportation, and the method to obtain it must be by State ownership of a railroad,

in my opinion. No other plan can be adopted by which we can have cheap transportation and cheap food from the West. Neither do I think it is necessary at all for the side lines to feel any trouble in regard to State ownership. In considering this question I shall throw out altogether the ground that there should be a general union of railroad interests in this Commonwealth. I don't believe there is any danger of any injury. * This whole question of the State going into the railroad business and doing business for itself, has been discussed for the last twenty years. It was first opened when assistance was given to the Western Railroad. It was just the same story that we have to-day. The State was going into business; the State must not go into business; it was interfering with private affairs, and the State came very near losing \$3,000,000 in that peculiar way. The proposition was very seriously entertained to sell the whole out at half a million; but the wisdom of the legislature prevailed then, as I trust it will now, and kept this property in the hands of the State. What has been the result? \$3,000,000 in the State treasury, with any amount of collateral benefits arising to the people of the city and the State.

I suppose another question is the question of the care of the State for a railroad. There has not been any great trouble in the management of the Back Bay lands. I want to know if there is any property managed better than the Back Bay property has been? There is something in holding a position from the State which induces care. The directors placed in the Boston and Albany Railroad cannot own a dollar of stock, but as far as I know there are no directors that have been more faithful and more careful of the interests of the State than these railroad men have been. I would like to know, Mr. Chairman, if you are not going to give to that road that same care you bestow upon your own?

But how shall the road be managed? Many schemes have been brought up within the past few years. People have been told that something must be done that the people of the State should receive the benefits of these railroads. In New York, for instance, they have adopted a plan to own railroads, and they have controlled some things in spite of all the influence that has been brought to bear. The people of New

York have been very careful of everything that concerned their commerce ; anything that benefited the commerce of the State of New York, they have watched with jealous care. When the Great Central Railroad was chartered they took care that no person should be charged more than two cents per mile over that Central road, and when they put the Hudson River and Harlem road in to that, they took the same care. Two cents per mile is all that is charged there now, and all through our long war, when gold went up to 280, with all their pleadings at the legislature that they were losing money, they were obliged to carry for two cents per mile. They have a system of watching these things with a jealous care, and I commend their wisdom to the legislature of Massachusetts and to the people of Boston.

But gentlemen who have been before you with their schemes, for the last few days, have made out that there is to be a great outlay to complete this road to the State line. Some have stated that it would cost more to complete the road than it did to build it in the first place. I believe they made out that the Vermont and Massachusetts needed five or six millions, and I believe it has only cost \$4,000,000. But the Fitchburg has two tracks. I will agree that their terminal facilities need enlarging, but a million or two dollars will do all that is necessary in the way of terminal facilities, and probably two or three million dollars added will make the track of the line so that it will do business as fast as it will come, and if the policy that has always been pursued by most railroads that increase their stock, sidings and double tracks out of the earnings, we can probably do that with far less expense than has been done hitherto. These are the plans which I wish to bring before you. You are the guardians of the State. The people trust you. They don't appear here in large numbers, but they understand, in the first place, that the State owns the largest interest in this line, and they understand that it is the duty of yourselves and of the legislature, to make the best practical scheme for their interests. The other gentlemen may present to you schemes which they think best for their interest. You are to see, in the first place, it seems to me, whether or not the interests of the great people of this State can be possibly subserved by placing this

railroad line in the hands of persons who shall administer it upon the most economical principles, to see how low transportation of passengers and freight can be furnished to the State of Massachusetts.

Mr. Bates.—Have you made any estimate about what it would cost the State to take these roads?

Mr. Claflin.—No sir, I have not; it would seem to me that whatever price might be agreed upon the State would be the gainer. Of course the State would not pay more than they would be compelled to by law. If the State could not make a good trade with the Vermont and Massachusetts, build another line; that would be my plan. I take it, however, that the directors of the Vermont and Massachusetts are wise men and they would not be unreasonable if the State should tell them they wanted to buy their road. They would say, "Very well; we will sell at a fair price." I don't think it would make any great difference to the State if they were paid \$500,000 or \$100,000 more than the road is worth. If the State is not to take the road it seems to me that it should be the policy to consolidate that line that has always been considered the line to the Hudson River.

Mr. Derby.—I understood you here to speak of taking the income of the Fitchburg and the Vermont and Massachusetts to equip the line. At the present income, how many years would it take to equip the road?

Mr. Claflin.—It is uncertain.

Mr. Derby.—Don't you think you have made a very low estimate for providing equipage for the road? Don't you think a very large business could be done if your equipage was sufficient?

Mr. Claflin.—Yes, sir.

Mr. Derby.—Don't you think several thousand cars should be supplied in a short time and that the road should have as many as the Boston and Albany has?

Mr. Claflin.—No, sir, I do not.

Mr. Derby.—Don't you think that this road with lower grades would do as much business as the Boston and Albany?

Mr. Claflin.—Yes, sir, but you cannot bring business from a direct line.

Mr. Derby.—Do you not think it important to turn a direct line from the end of this road over Eagle Bridge towards Lake Ontario.

Mr. Claflin.—That ought to be done ; yes, sir.

Mr. Derby.—It will bring a large business, will it not, sir?

Mr. Claflin.—Yes sir, I think the double tracks of the Central road will bring a large amount of business to us.

Mr. Derby.—Do you not think, from the experience of the Boston and Albany road, that this new line should have steel rails?

Mr. Claflin.—Of course, sir ; but my point is that these things do not occur in a moment.

Mr. Derby.—How would you build the Boston, Rome and Oswego road ; how would you make the connection with Oswego?

Mr. Claflin.—I think that if we show business to the people of New York, they will build it ; I should not hesitate to say that if the road were being put through there, the State would aid it in some way. I don't advocate any such plan, for I do not think it necessary ; but I don't see why we could not own a part in that line just as well as in the Boston, Hartford and Erie.

Mr. Derby.—Don't you think the capitalists of New York would rather hesitate to aid a road connecting Boston with Oswego by a short line?

Mr. Claflin.—I never thought a capitalist would hesitate to aid any road when they could make money. They will make the State pay it if they can, but they look after their money pretty well.

Mr. Bates.—Here are four lines of road now. Is there business enough to support them all?

Mr. Claflin.—Yes, sir, the business would come to them faster than they can get ready for it.

Mr. Bates.—Will it be wise to consolidate either of these two lines?

Mr. Claflin.—I don't think it would, not unless the State owned them. I have no doubt that if the State owned all of them they would be safe.

Mr. Barker.—Do you think it would be bad policy to consolidate the Fitchburg and Lowell roads?

Mr. Claflin.—Yes, sir.

Mr. Barker.—Whether in your opinion there would be any difficulty in obtaining sufficient terminal facilities for the tunnel line, supposing the Boston and Lowell and Fitchburg were not consolidated?

Mr. Claflin.—Not at all.

Mr. Derby.—Your idea is that if the Boston and Lowell road has a proper part of her capital in terminal facilities, these facilities would be granted to the tunnel line.

Mr. Claflin.—Yes, sir; I think General Stark would be very glad to let the State use any facilities they might have.

MR. I. F. HOLTON.

Mr. I. F. Holton said:—I wish to say that I consider that this assuming of this work by the state government would be a benefit to the government. In order to keep a child out of mischief, work him; in order to keep a horse manageable, work him. We have a better United States government to-day because it does some business. The government is more loyal because of the service it does the people. We should have a better state government, that would be more responsible, if it had more laid upon it to do; more of the care and management of these railroads. To keep a governor where he ought to be, give him plenty to do. (Laughter.)

MR. GEORGE E. TOWNE.

Gentlemen:—It is generally a useful process, to see how far we can agree, and trace up to the point of divergence, and perhaps time might be saved by following that course in what I have to say. I shall, in the first place, assume that the State did not go into the tunnel business for sake of getting out of it. It did not go into the manufacture of tunnels for sake of making a good thing out of it. It did not go into it as an investment. The only possible justification upon which it was ever built, was simply the benefit the people would receive by increased facilities. To-day, as I understand it, you have given to the people a hearing, to show how they can best have these facilities by means of the Tunnel. I suppose I may next assume that the consolidation of what is called the tunnel line will be necessary in some form or

shape. What I call the tunnel line is the four roads which have always been considered as the tunnel line, and are the elements which, it seems to me, must go to make up the tunnel line; those roads are the Fitchburg, the Vermont and Massachusetts, the Troy and Greenfield and the Troy and Boston. I shall assume that to make the Tunnel effective for the benefit of the people those four roads should be united in some form under one management. I shall next assume,—and that I do not understand to be denied,—that the objective point of those who favor the Tunnel has never been wholly to Troy, but a point upon Ontario Lake, either Oswego or Sackett's Harbor, or some other convenient point for the purpose of reaching by the quickest and shortest route from Boston to the lakes,—which substantially are the West; that the line is not confined to Troy,—although that will be a very important connection to the upper part of the line, in my judgment,—but that the main, at any rate the important part of the line, that is, the lower line to Oswego, should be taken into account and provision be made for it to be put through in connection with the tunnel line. I shall assume,—what I understand is substantially submitted on both sides,—that a very considerable amount of money is necessary beside that needed for the purchase of the property. I do not agree with the gentleman who preceded me, that the money can come drizzling along year by year, or be paid for to any appreciable extent out of the earnings; but that a good round sum is necessary, within two years at least, after the line is put in shape,—after it is consolidated,—to make it what it should be,—a continuous railway line.

I wish to say one word upon that point. The tunnel line is an exception to the ordinary history of railroads in this particular. The ordinary railroad does begin small,—and so does every business,—and the two grow up together; as the business grows the road grows with it, and is prepared to receive the increase of business. But owing to the peculiarity of the tunnel line,—nature happening to have put the Hoosac Mountain right in the way, where it ought not to have been,—the Hoosac line cannot be completed, and is not a line until the last yard of rock falls by the last charge of powder. Then you have got the Hoosac Tunnel line. If the line could

have been opened twenty years ago, when business was small, we should not have had the necessity that is now before us for raising the large amount of money that will be necessary. A single thought in connection with it will bring the whole matter to your mind. Of course no one of these roads has felt justified in improving their line in reference to the tunnel business. It has been talked of; but they have simply done what was necessary for their business without the use of the Tunnel, and they did not feel justified in going any further; and this hearing, and the position developed, is a justification of their refusal to spend that money, for they would not only have lost the interest of it till the Tunnel was completed, but they would have run the risk of having the Tunnel possibly taken away from them, and being deprived of its benefits. So that it seems to me that we are confronted at once with the expenditure of whatever money is necessary immediately,—that is, as soon as the thing can conveniently be done. It takes a certain time to spend four, five, or six millions of dollars. But you cannot afford in this case to wait the slow process of growth and development which is usually seen upon our railroads. You can be ten years in developing this line, but at the end of the ten years your business will be just as far ahead of you as it is now. The corporation receiving the power should be strong enough to raise this money, and should be placed in condition to be willing to lay it out.

But there is a point where the paths diverge. There are various propositions with regard to the best way to provide that power which is necessary to put the line into effective condition. Let me say that the proposition to unite the Fitchburg and the Boston and Lowell does not seem to meet the case at all. The agreements, as I understand them, are that there are certain grade crossings which are very objectionable and they can be avoided. I don't believe but what it is in the power of Massachusetts, and I don't believe but that there is ingenuity enough in the brains of Massachusetts to devise a plan by which these grade crossings can be avoided without the necessity of uniting the Fitchburg and Lowell Railroads. I believe it can be done, and at a cost which will not be burdensome to anybody.

The next point we have is terminal facilities. Now the Lowell road have got terminal facilities for their business here, all of which are good enough. If they have got more than they want, I don't see but what the excess can be made available for the tunnel line; if they have just enough, I don't see how the tunnel line will derive any benefit from taking that road in. If I live in a house and have ten children, and every room in my house is occupied, and my neighbor is in the same condition, I don't see that we gain anything by throwing our houses in common; there may possibly be a little economy by working the two together. But until it can be shown that there is not land enough in Massachusetts, in connection with deep water, valuable for this purpose, I submit you will pay too high a price for terminal facilities to unite two competing lines, which will be wanted to bring down all this wheat which is coming along now, day by day, and which will need both lines, if we can get at to control and accommodate that line which finds its best communication. Let me say further, with regard to deep-water connection. I was on the site of the Lowell wharves the other day, and I saw there the most magnificent property, as you saw it. But I saw, as you saw, a little distance to the right, just as good accommodations side by side with those which, I understand are now owned by a private company, who desire to sell. I could see and have been able to learn no reason why there is not just as good a chance to create terminal facilities for the tunnel line as for the Lowell line. I think that with a little ingenuity and a little calculation some arrangement can be made by which the tunnel line can get through with its tracks to avail themselves of these facilities. I think until they have shown that there is a dearth of deep-water facilities, we should not unite these roads, whose facilities they calculate are no more than necessary for the roads that now occupy them.

Another proposition is, that they want a strong corporation. I grant it. You want a power that shall make it a first-class line; to make it what it ought to be, and put it in shape; to take out the kinks and straighten the line, and make it the best possible line that can be found between Boston and the lakes. But I think you are paying too much price to unite these two roads for the sake of getting a strong corporation,

because I think you can get a strong power cheaper than that. At any rate, if you are going to have such a strong power, let us have one. Let us go the whole figure, and have one that will be strong enough. Let us have the Fitchburg, the Lowell, the Boston and Albany, put them all together, and then you will have a corporation strong enough to run the tunnel, the roads connected with it, the Commonwealth, the legislature, the governor, council, and everything else. So much for that proposition. (Laughter.)

Now, then, my idea is, as has been expressed by the gentleman who has petitioned for this hearing, that there is no other way to make this great expense valuable for the benefit of the people than for the State to take possession of the entire line, and take measures to get control of a line from some convenient point on the Troy and Boston Railroad to the lakes, and have it run for the benefit of the people upon the principle of a maximum business for a minimum price, for a small per cent. upon the capital invested, which the State can do, and which the private corporations cannot do. A private corporation would receive most of the benefit for their stockholders, and they would compete just as far as it was for the interest of their stockholders. They will aid the people just as far as their dividends will allow.

Now with regard to state ownership. I suppose from the questions that have been asked, it will be desirable to know something about figures. The State owns the Tunnel and the Troy and Greenfield Railroad. Now you may call it what you like. I understand those who ask for the Tunnel call it worth five or six million dollars. I suppose it has cost twelve or thirteen millions. I suppose the Fitchburg property is worth seven million dollars. The Vermont and Massachusetts is worth four or four and a half millions, and there is a branch from Grout's Corner to Brattleboro', of twenty-one miles, which might sell for half a million, so that the cost to the Commonwealth would be three million five hundred thousand dollars. The Troy and Boston I don't know much about; I own it frankly. I put it down at three million dollars. If they are not willing to take that, perhaps they may take less. Then I suppose it might be necessary to lay out something like eight or ten million dollars. You have

the boundless resources of the West on the one side, and the boundless wants of Europe on the other, and to do the business you have got to have equipment. You have got to have three hundred locomotives; plenty of freight-cars; a double track all the way, and passenger-cars enough to satisfy the passengers that come to the road. I put down eight million five hundred thousand dollars for improvements. That makes a matter of twenty-two million dollars for the State to lay out in buying the rest of the line. Let me say here that the State can well afford to be liberal with these corporations, and pay all the property is worth. But you say, twenty-two million dollars is a great deal of money. I will give you an illustration of what I think about it. Suppose a farmer, worth two thousand dollars, lives in the country and has not twenty-five dollars in the world. (The State is worth two thousand million dollars.) By some means he works around and gets into his possession an ox which stands him in at twelve dollars. (That is the Tunnel.) He wants his spring work done and cannot find any one to do it, but finds that his neighbor over the hill has an ox that he will sell for twenty-two dollars. Now is that a great deal for a man to go in debt for when he can mate his own ox and do his own work? Twenty-two million dollars is a good deal of money, but when you consider it in comparison with the resources of the State, it is not so much, after all. So much for the outlay. Now with regard to the burden, for that is where it comes after all. This money is not to be taxed at once by the Commonwealth upon the people. The same policy, I assume, will be adopted in this case as in other cases. I assume that they will borrow it upon long time, and provide a sinking fund which will extinguish the principal at maturity. Suppose the State has the line, costing thirty million dollars. Five per cent. interest is what the State can borrow money for, and one per cent. in addition will provide the sinking fund; and the whole can be paid for in less than forty years. Six per cent. upon thirty million dollars is the amount which the State will need to take care of this road. Six per cent. on this sum amounts to one million eight hundred thousand, which shall be the annual burden to come from somewhere. But they have got to have a line to Oswego. It has struck me, in this connection, that

it would be no ways difficult to provide that the State of Massachusetts should loan that line for fifty years, or get a lease in perpetuity, guaranteeing to pay seven per cent. upon its cost. I think the money would come from somewhere; there is no doubt about it. Seven per cent. upon ten million dollars would make seven hundred thousand dollars, and the whole sum to be raised would be two million five hundred thousand dollars annually. You will understand this is not an expenditure of money like many other expenditures, for which there will be nothing to show of commercial value. You have something in this case that brings in an income, and the income will pay the out-go. But the city of Boston, since the fire, has incurred an expense for street improvements greater in proportion than this to the resources of the State, and yet they are never to receive any income from it. According to the earnings of the various roads in the State, this line ought to earn about ten million dollars to operate the road. Now can we earn that amount of money? Well, the two hundred and twenty-one miles of the Boston and Albany road earns nine million dollars, and if we cannot, with our whole line to Oswego, earn one million more, why the State would lose money. But I believe there is no serious question but that within the life-time of any man here, the property would pay for itself.

But men hold up their hands and say "Corruption." Now, how is that? Is there any danger from corruption? Everybody knows there is. Is there any more danger of corruption, than under the present system, when the railroads contrive to regulate the regulators?

In regard to the management. How are your roads managed now? Not by the stockholders all putting their fingers in the pie. The stockholders choose directors, they choose a manager, and the manager runs the road. So it would be in this case. The governor and council or the legislature would appoint their trustees, and they would appoint a manager, and it would be done all by one man. Is there any doubt, sir, that fifteen men can be found in the Commonwealth, qualified to serve as directors, who would be willing to give the necessary time to manage this road, and with brains enough to

manage it? It could be done as well for the State as for any one else.

The next proposition to which I wish to call your attention is to this appointment of the directors. I am not particular about the number, but I would have them so appointed that no governor could appoint a majority of them within three years; and I think, in looking at the list of our governors, we can feel sure that none but the best men would have been appointed and we may reasonably expect full satisfaction in the future.

Now, I suggest this, as only one of a dozen different ways. It belongs to nobody. It simply shows that there is not any great difficulty in the management of this road. It can be done and the State can manage it successfully, and the State would have a commercial property. If, however, it should not prove a success, the experiment will have been tried, and the question of State ownership will be settled forever, and we can get out of it without loss.

AFTERNOON SESSION.

The Committee met in the afternoon and heard the statement of Mr. James F. Joy.

TESTIMONY OF JAMES F. JOY.

Mr. Allen.—Will you have the kindness to state which of the principal railroads you are connected with?

Mr. Joy.—The Michigan Central Railroad is the most prominent one with which I am connected now. The Chicago, Burlington and Quincy road has been under my charge for several years, but I have resigned the charge of that. My connection is now mainly with the Michigan Central and other roads further west.

Mr. Allen.—You are aware, I suppose, of the general situation of the lines of railroad from Boston, that are seeking a Western connection; there is the Boston and Lowell, by the way of Ogdensburg, on the north, the tunnel route, by way of the Fitchburg, Vermont and Massachusetts and Troy and Greenfield roads, the Boston and Albany, and, ultimately, the Boston, Hartford and Erie, whenever that is done?

Mr. Joy.—I have been over them all, except the Boston, Hartford and Erie.

Mr. Allen.—I would be glad to have you express your opinion to the Committee in regard to this general question, whether or not there is enough freight business at the West, seeking the East, to furnish business for all of these roads, if they are built?

Mr. Joy.—Our difficulty in the West is in getting eastward with freight. We have now the Pennsylvania Central and Pittsburg and Fort Wayne, constituting one line, the Erie and the South Shore line, constituting another, the New York Central, the road through Canada and the Michigan Central, constituting another, and the Grand Trunk road, constituting another; and this year there has not been one of the roads—not one of them—that could take freight from Chicago during the winter, simply from inability to transport it over their roads; all clogged, every one of them. The great want of the West is transportation toward the East.

Mr. Allen.—The Hoosac Tunnel line consists of the Fitchburg Railroad, from Boston to Fitchburg, about fifty miles; from there to Greenfield, over the Vermont and Massachusetts road, about fifty miles more; from there to the state line by the Troy and Greenfield road, which is owned by the Commonwealth, and which includes the Hoosac Tunnel; and from there over a road owned and controlled by the Troy and Boston Railroad, about forty-two miles, to Troy. The immediate question which we are considering is with regard to the consolidation of all these lines. We are seeking to know how best to utilize this line of railroad, with reference to making it as effective as possible in the cheap and rapid transportation of freight and passengers. I should be glad to have you express your opinion as to what will be the best means of operating this line of railroad from here to the Hudson River.

Mr. Joy.—We should consider, at the West, where we have had large experience in consolidation of railroads, that they could not be worked at all to any advantage, unless they were made into one corporation and worked together.

Mr. Allen.—Will you give the reasons for that opinion, briefly?

Mr. Joy.—Some of the reasons are, that we hardly ever find two corporations which will work in perfect harmony, and agree upon a proper division of rates, in the first instance; and there are always, in the course of business, conflicting elements which arise between them, inasmuch as they cannot work together with harmony in the division of rates, and they cannot work together with the same force and efficiency in seeking business as they can if they are one corporation, possessing that power which a large corporation always has. They can be worked much more economically in one corporation and under one management, and, as I said before, with very much greater power and influence in the West in obtaining business.

Mr. Allen.—What would be the effect, in your opinion, of a consolidation of the separate lines upon the real intrinsic value of the stock of each?

Mr. Joy.—That would depend upon the fairness of the agreement with which they are consolidated. I cannot say as to the conclusion at which you might arrive in regard to the price at which each should be put in, but there is no doubt of this: that the whole line together would be worth very much more money. Whether you can make a fair contract between the various elements which compose the line, so that they would share the profits, I cannot say; but the value of the whole line would be immensely increased by consolidation.

Mr. Allen.—The distance from here to Troy, by this line, as it now exists, is about one hundred and eighty-eight miles; it is expected that it can be shortened a few miles—perhaps six or eight. The State, as I mentioned to you, owns the Troy and Greenfield and the Hoosac Tunnel; upon the Vermont and Massachusetts and Troy and Boston Railroads there is an existing debt of about two and a half millions; upon the Fitchburg Railroad there is no debt. There is, therefore, upon this line of one hundred and eighty-eight miles, from here to Troy, a debt of about two and a half millions. I want to ask you whether, in your opinion, a consolidated corporation, consisting of the roads from here to Troy, with a debt of two

and a half millions upon it, and with the prospects of business which it would have as soon as it was ready to do it, would experience any difficulty in raising the necessary funds for additional equipment?

Mr. Joy.—A debt of two and a half millions, on such a road as that, the length of that, would be a very small debt. I should say they could certainly raise some millions more than that without any difficulty.

Mr. Allen.—As a part of this same general subject there is a proposal here to make a consolidation between the Fitchburg and the Boston and Lowell Railroads, the latter forming the first link in the line of the Northern Railroad, as we call it, running from here to Ogdensburg. I would like to have your opinion upon the effect upon the rates of freight, or the general advantage or disadvantage, of consolidating the base ends of two lines of railroads which are to some extent competing lines?

Mr. Joy.—It might be very much for the interest of the corporations, perhaps, to consolidate; but, as a general rule, two roads, aiming at the same business, or at places through which the business from the same section of country passes, ought not to be consolidated, in the interests of the public. I can conceive that, in the interests of the corporations, it might be a good thing, possibly. For instance: take the Boston and Albany road and the tunnel route, as you call it, and let them be consolidated together and run under one management, without any competition between them; I should think Boston would suffer very much. I am sure we in the West would. Two parallel roads, aiming at the same business, ought to be kept separate. Those roads would not be exactly parallel, but if they aim at the same business, and the object is to control the same business over the two roads, I should think the policy, so far as the public interests are concerned, would be against consolidation; the interests of the two corporations might be greatly in favor of it. I think if Commodore Vanderbilt, for instance, could have obtained control of the Erie Railroad, together with the New York Central, when he aimed to do it, we in the West would have suffered very much indeed.

Mr. Allen.—You understand the position of the tunnel.

It is possible that there may be one or more other lines which will open into this line, which are now at a distance from the Tunnel, and the question arises in regard to the practical management of that portion of the road through the Hoosac Tunnel. I would like to have you express your opinion to the Committee as to the expediency of allowing the locomotives of different railroads and the separate trains of different railroads to run through the Tunnel, or in what way the matter should be managed, so as to give all connecting railroads a fair chance.

Mr. Joy.—How many tracks are to be laid through the tunnel?

Mr. Allen.—Two.

Mr. Joy.—It is only wide enough for two tracks?

Mr. Allen.—That is all; there is not width enough for any more.

Mr. Joy.—Of course the answer to a question of that sort would depend entirely upon the amount of business to be done. If there were two great roads, commanding a very large amount of business, I think it might be a little dangerous to have them run through the Tunnel together, two independent trains. Take the case of the Bergen Tunnel in New Jersey, through which the Erie and the Delaware and Lackawana roads go,—not so long a tunnel as yours, by any means. These roads have had very great difficulty in getting through the tunnel; so much so, that the result is the Delaware and Lackawana Company are building a separate tunnel alongside of it. It would be, I should think, a great while before any other road than the regular tunnel route to the West would command a very large amount of business to go through the Tunnel, and until that time came, two roads might, perhaps, run through very safely; but when there gets to be a very large amount of business on any other road, to allow the two roads to run independent trains through the same tunnel, and that a long Tunnel, I should think, would be hazardous.

The Chairman.—The Bergen Tunnel has a double track?

Mr. Joy.—Yes, sir.

Mr. Allen.—Whether or not, in your opinion, it would be

better to have the actual management of the Tunnel under the control of one corporation?

Mr. Joy.—I should think it would be, sir, in any event. If a dozen roads were permitted to go through it, they should be under the control of one company, who should make the time-tables, regulate the trains and everything else. One company should have the police and control of it.

Mr. Shattuck.—Is there any objection to having the State retain the ownership of the Tunnel, and making such arrangements for having the business done through there, as from time to time may be found to be practicable and judicious, giving control to one road or to two roads, as circumstances may make it convenient?

Mr. Joy.—Do you put the roads on each side of the Tunnel to be operated under separate corporations, or consolidated?

Mr. Shattuck.—I am now assuming, for the purposes of this question, that the roads on each side are consolidated into one, or you may take the other aspect, just as you please.

Mr. Joy.—I cannot conceive of any state of things which would to me justify these corporations in remaining separate corporations. I think they ought to be consolidated, by all means.

Mr. Shattuck.—Then you may answer the question on the assumption that they are consolidated.

Mr. Joy.—Then, if they are consolidated and run through the Tunnel, and other roads want to go through, and the State thinks proper to retain the control of the Tunnel, and make it adequate for the business that may go through, furnishing all the means necessary for the business, it might be used in that way.

Mr. Shattuck.—You see no practical objection?

Mr. Joy.—I see no objection, except that where any party owns a means of transit like that, where half a dozen railroads, if you please, are to pass through it, not under the control of the railroads, the railroads are apt to be subject to inconvenience and difficulty. Perhaps the State might charge too large toll. I do not know how that might be.

Mr. Shattuck.—Assuming that the State would do what was fair, under the circumstances, and assuming that the

Tunnel, when completed, will have cost thirteen or fourteen millions of dollars—

Mr. Allen.—That is too much.

Mr. Shattuck.—I take the auditor's statement,—twelve millions. I think the auditor's report is the best authority. I have not seen anything to change that. Let me ask you if you have made any estimate of the value of the Tunnel?

Mr. Joy.—No, sir; you cannot make an estimate of the value of the Tunnel.

Mr. Shattuck.—I would like to have that observed, Mr. Chairman. It is impossible, in your judgment, to make any estimate of the value of the Tunnel?

Mr. Joy.—You cannot do it. I will tell you what will determine the value of the Tunnel. You have got to establish a route from here to Troy, or to some point connecting with the Western roads, to make the Tunnel valuable. Then you have got to have a tariff which you cannot control, which will be controlled by competition. You will charge so much, for instance, for transporting a carload from the point where you connect with the western roads, and where the competing roads diverge, but all coming towards Boston. Competition will fix the rate. That rate will be so much per ton per mile. You cannot charge any more per ton per mile through the Tunnel than is charged elsewhere on the line; if you do, you do it at the expense of the other roads each side of the Tunnel.

Mr. Shattuck.—It is, in your judgment, impracticable for anybody at present, particularly before the opening of the Tunnel, to form any real judgment as to its value?

Mr. Joy.—I do not delieve anybody can determine its value.

Judge Thomas.—Suppose the Commonwealth undertook to retain possession of the Tunnel, and should fix an absolute tariff, so much a ton and so much a passenger, with no authority in the consolidated company to modify the tariff, what would be the effect, in your judgment?

Mr. Joy.—I think the result would be the business would go over the other roads. That is what I think about it.

Judge Thomas.—So that the corporation having the consoli-

dated road must have some power to modify the rates through the Tunnel?

Mr. Joy.—They ought to have the Tunnel; that is what they ought to have. I will state (not to be taken down by way of testimony) an illustration of that. The New York Central and the Boston and Albany roads built a bridge across the Hudson at Albany (the first bridge they built), at a cost of quite a large amount of money, nearly two millions of dollars, I think. They thought they could make that bridge valuable, and they established a toll upon it, which everything coming from the West had to pay. Well, they could not, of course, get any more for their freight over that route to New York than the Pennsylvania Central charged, and the result was, they attempted to saddle that toll upon our Western roads and make us pay the toll over the Albany bridge. The consequence was, we got less in proportion for the transportation of our freights over that route than we would get on any other rival line, and the result was that that toll worked against the New York Central and the Boston and Albany, and the business went by the Pennsylvania Central. The representatives of the Western roads had a meeting with Commodore Vanderbilt in New York, and the result was they had to take the toll off of the bridge, to preserve their business, and to-day that bridge is worth just what any other mile of their road is worth. They could not maintain their toll and had to take it off, so that the bridge is worth just as much as any piece of their road of the same length. But the bridge was a necessity to them, or else they could not have any business at all. That is the way it will act in regard to the Tunnel; it must be so from the necessity of the case.

Mr. Bates.—How would it work, practically, in your opinion, to give three competing companies the right to go through the Tunnel with their own locomotives and trains?

Mr. Joy.—They ought to have, each of them, a separate track to run on; or if they cannot have separate tracks, it would be better that one should be selected which should carry the cars of the other roads through the Tunnel; a great deal better.

Mr. Bates.—Why would it be better?

Mr. Joy.—Well, there is always danger from the irregu-

larity of the time-tables, from the irregularity of trains, and things being out of order on the sections or in the Tunnel. I can't tell you all the difficulties that arise, because on the roads with which I have had to do, we have never run through a Tunnel. I know only, from the experience of other roads, and I am not altogether familiar with their difficulties. I know the difficulties have been such that they have found it impossible to work in that way, but I cannot tell what they arose from; altogether.

Mr. Bates.—There were these difficulties in the Bergen Tunnel, where there were only two roads?

Mr. Joy.—Yes, sir; the Delaware and Lackawanna road and the Erie road ran through the Bergen Tunnel.

Mr. Bates.—Of course, every additional road that went through would create additional difficulty?

Mr. Joy.—Yes, sir; it would intensify it very much.

Mr. Bates.—That is, more than in proportion to the number.

Mr. Joy.—Yes, sir; very much more.

Mr. Derby.—Your line terminates, I think, at Chicago.

Mr. Joy.—At Chicago, on the west.

Mr. Derby.—Have you found, as business has increased on that line, the importance of extensive depot grounds, much larger than you at first contemplated?

Mr. Joy.—Yes, sir. We have had to buy this year, depot grounds costing half a million of dollars.

Mr. Derby.—How many acres are you now using at Chicago?

Mr. Joy.—I do not remember. We are using a very large tract there.

Mr. Derby.—If we could make a good connection with the West, by a shorter line and a more level road than the existing lines, and have a good connection with Chicago and with your line, do you not think we should require a large amount of ground in this vicinity?

Mr. Joy.—You would require depot facilities to do the business, undoubtedly.

Mr. Derby.—You would consider that we should require a very large amount of land?

Mr. Joy.—I should think you would require a pretty large space, but not so much as we need in the West. You would run your grain right into an elevator, and would not require

so much room for storage as we do. You do not handle so much coarse freight as we do at the West. It does not come in such large masses. It would come in your trains, and would be more easily handled. You would not need so much space as we do at the West; still, you would need considerable.

Mr. Derby.—Should you consider it desirable, in view of the future, to get as much territory as seventy or a hundred acres?

Mr. Joy.—No, sir, I should not think so. I know of no road in this country that needs so much as that.

Mr. Derby.—You have found that you wanted more room to meet the requirements of your constantly increasing business?

Mr. Joy.—Yes, sir; the difficulty has been heretofore that when a railroad has been opened they have not appreciated the extent to which business might grow, and consequently they have only provided what they wanted for the time-being, and, as business increased, they have required more.

Mr. Derby.—A great deal of space is required for standing-room, is there not?

Mr. Joy.—Yes, sir.

Mr. Derby.—For machine-shops, repair-shops, etc.?

Mr. Joy.—Yes, sir; but that need not be in the city.

Mr. Derby.—In the city or vicinity?

Mr. Joy.—Yes, sir; for shops, standing-room for your cars, and things of that sort, it should be outside, some distance off.

Mr. Derby.—There would be a great deal of room required for these purposes?

Mr. Joy.—Yes, sir.

Mr. Derby.—If two companies were coming together, and particularly if they were combined with two or three others, they would require ample space for standing-room, cattle-yards, sheds, etc., out of the city?

Mr. Joy.—They ought to have it.

Mr. Derby.—And ample facilities for docks and elevators, for shipping, if they were going to ship large amounts of freight to Europe?

Mr. Joy.—There ought to be, sir.

Mr. Derby.—Supposing there are two lines starting from

the same city, one of them running a little towards the north, say twenty-four miles long, going as far as Lowell, for instance; if that line possessed docks suitable for steamships and ground suitable for elevators, communicating with vessels to take freight to Europe, and the other line has accommodations of a different character, adapted to the coasting trade, for the discharge of hay and commodities of that kind, and supposing the shorter line had two-thirds of its capital in docks and lands, whether it would be desirable for the State to combine the two together and form a great line to the West?

Mr. Joy.—That would depend upon whether you could obtain the same facilities in the city.

Mr. Derby.—Suppose it were difficult to obtain them?

Mr. Joy.—I would not say that there might not be an element there, sir, that might outweigh the other consideration.

Mr. Derby.—Supposing there were other means of reaching the city and bringing the northern freight in; take, for instance, the road from Lawrence to Manchester, tapping the Concord road above Lowell; take the line coming down from Nashua to the Fitchburg,—would there not be still stronger reasons for bringing in this line, with its local accommodations?

Mr. Joy.—I can hardly conceive that with such a line as the tunnel line ought to be, it would not be possible for it to obtain all the ground in the vicinity of Boston it needed.

Mr. Derby.—You are aware that the Boston and Albany road is encircling the city on both sides, taking a large part of the available land, and that this consolidation would bring in a large extent of territory on Mystic River?

Mr. Joy.—Yes, sir; but I should say that a corporation strong as that must be, if it should be consolidated and made one road, with good connections with the West, could obtain land enough in the vicinity of Boston.

Mr. Derby.—Would it not be a very strong reason for putting the roads together if the public interest could be promoted by putting them together; that thereby ample depot facilities would be obtained?

Mr. Joy.—If there were advantages gained there sufficient

to counterbalance the disadvantages of consolidation, it might be so ; that I cannot say.

Mr. Derby.—With respect to the consolidation of roads, have you not found in your experience that it was oftentimes for the good of the public, as well as for the good of the railroads, to combine lines which were clashing with each other in the same vicinity ?

Mr. Joy.—We have made contracts with other roads, which were run parallel, to see if we could not keep up the rates.

Mr. Derby.—Have you not found it desirable occasionally, and for the public good, as well as for private good, to consolidate lines that were seeking to run in competition ?

Mr. Joy.—I have always done it in the interest of my corporation.

Mr. Derby.—Has it not, on the whole, been beneficial to the public, by putting an end to wasteful and injurious competition ?

Mr. Joy.—I could not say that ; but I know it has been beneficial to the corporation.

Mr. Derby.—Have you not found it so to the public occasionally ?

Mr. Joy.—I do not myself think the public gain much by it, sir.

Mr. Derby.—With regard to your own line, with respect to the rails which are used, I would ask you whether steel rails have been essential on these through lines or not ?

Mr. Joy.—We think so. We think it impossible to run a great road, with low prices for transportation, with iron rails, and maintain it. On our road the business has increased to such an extent that we have found it utterly impossible to get along with iron rails ; and we have been compelled to lay steel.

Mr. Derby.—Do you find it will pay to get a double track ?

Mr. Joy.—Yes, sir ; we are doing that very thing on the great routes.

Mr. Derby.—You have been obliged to lay a double track how far ?

Mr. Joy.—We think it is essential to lay down a double track, as fast as we can, the whole length of the road. We

have a second track on the Michigan Central its entire length, except about fifty or sixty miles, and that we shall lay down as soon as we can with proper economy.

Mr. Derby.—So that you will have a second track the entire distance?

Mr. Joy.—Yes, sir; the Great Western is doing the same thing this side of us; they will have a double track this year.

Mr. Derby.—How many cars are you using on the Michigan Central?

Mr. Joy.—That I cannot tell you; I have the figures at my hotel.

Mr. Derby.—Your report gives it correctly?

Mr. Joy.—No, sir; the report does not give it correctly, because there have been a thousand cars added since the report was published. I think we have on the Michigan Central between four and five thousand cars, of all kinds.

Mr. Derby.—With respect to the deflection of this road running down to Troy towards New York, and running directly to the lake, do you deem it desirable and important that there shall be a direct shore line to Lake Ontario?

Mr. Joy.—We want to get as many lines to the West as we can. It is of greater importance to the West than to the East. I see the line to Troy connects with the New York Central. That road is going to lay two more tracks on their line through to New York, which will add immensely to their capacity, and will, I think, in spite of all that can be done, command a very large portion, almost the main traffic from the West, if they enlarge their capacity so as to be able to do it. That is a very strong road, and it will be for the interest of every road running from Boston to have a connection with the New York Central. At the same time we shall all be rejoiced to see another road built, running along parallel, close to Lake Ontario and through to New York, because heretofore the New York Central has been glutted, and has not been able to bring freight from Chicago direct. We have been clogged a month at a time, simply because they could not take the business over their road. The business of the West is increasing with such immense rapidity that railroad accommodation has not kept pace with it, and it is hardly possible for it to do so; so that we shall welcome any road from here to the

south shore of Lake Ontario, to connect with us. The sooner you can get another route along the south shore of Lake Ontario to the West, the better; but it should connect with the New York Central at Troy.

Mr. Derby.—You would have an arm at Troy and an arm to the West also?

Mr. Joy.—I would, if you could get it.

Mr. Derby.—Suppose that we could make a line to the lake and to the West, independent of the New York Central, and save from twenty-five to fifty miles, would you not consider that of immense importance to the West?

Mr. Joy.—It would be of immense importance, and if you could get a good route you could compete with the New York Central; but the Central has an advantage over your route, and will have for many years to come. You could not acquire the facilities to do the business of the Central for many years.

Mr. Derby.—If we can lay down a second track, and get good depot facilities on the lake, and a connection with your line, with its double tracks and facilities for doing business, should we not stand in a very good position?

Mr. Joy.—Then you would stand in just as good a position as the New York Central has been in up to the present time; but you will have the disadvantage that the New York Central will have four tracks where you will have two.

The Chairman.—You said "with such a route as the tunnel route ought to be." Will you give your views as to what that route should be, with your knowledge of the Western business?

Mr. Joy.—It should be one of the great routes to the West. I mean that the different roads should be consolidated into one, with the power and influence of a single corporation, and made a first-class road. That is what I mean.

The Chairman.—Do you think there would be sufficient business to come to that road?

Mr. Joy.—I should have no doubt about it at all. Provided it could get a connection with the West, I have no doubt about it at all.

The Chairman.—Is not the business ready and waiting to come upon that route?

Mr. Joy.—I think there were two thousand cars waiting at Detroit a month to get an opportunity to come over the road.

The Chairman.—Is not the complaint of want of transportation very general?

Mr. Joy.—It is universal. There is not to-day railroad accommodation for much more than half the business.

Mr. Bates.—As long as there are but four roads that can come into Boston, and connect with the Hudson River and the lakes,—that is, the Boston, Hartford and Erie, the Boston and Albany, the tunnel route, and the Boston and Lowell route, up to Odgensburg,—should you think it would be advisable to have any two of those competing routes consolidated?

Mr. Joy.—I should not. At the same time, they will all consolidate if they can, every one of them.

Mr. Bates.—That is, if the legislature and the people will let them?

Mr. Joy.—And if the people will not let them, they will agree to what will practically amount to the same thing.

The Chairman.—Do you think the business would justify the laying down of four tracks?

Mr. Joy.—No, sir, not yet. If you get two tracks it will be a first-class road, sir. I think it justifies the New York Central in laying down four tracks. I think the Commodore is wise in that. I think the time has come when he needs four tracks in order to maintain himself. I do not think the time has yet come in this State, because you are divided; you have three or four roads; there, there is only one. Five years hence you may need four tracks; you do not need them now, with your two roads. If you can get one additional road to the Boston and Albany road, which is a first-class road, it will answer your purpose for the time. But I would not say what you may need in five or ten years.

Mr. Bates.—It is hard to predict?

Mr. Joy.—Yes, sir; I cannot do it. I would not say what you might not need in five or ten years.

Mr. Q. A. Vinal.—How much grain has your road transported the past year?

Mr. Joy.—I do not know; our report states; but we transported all we had the means of carrying.

R E P O R T

OF THE

EIGHTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

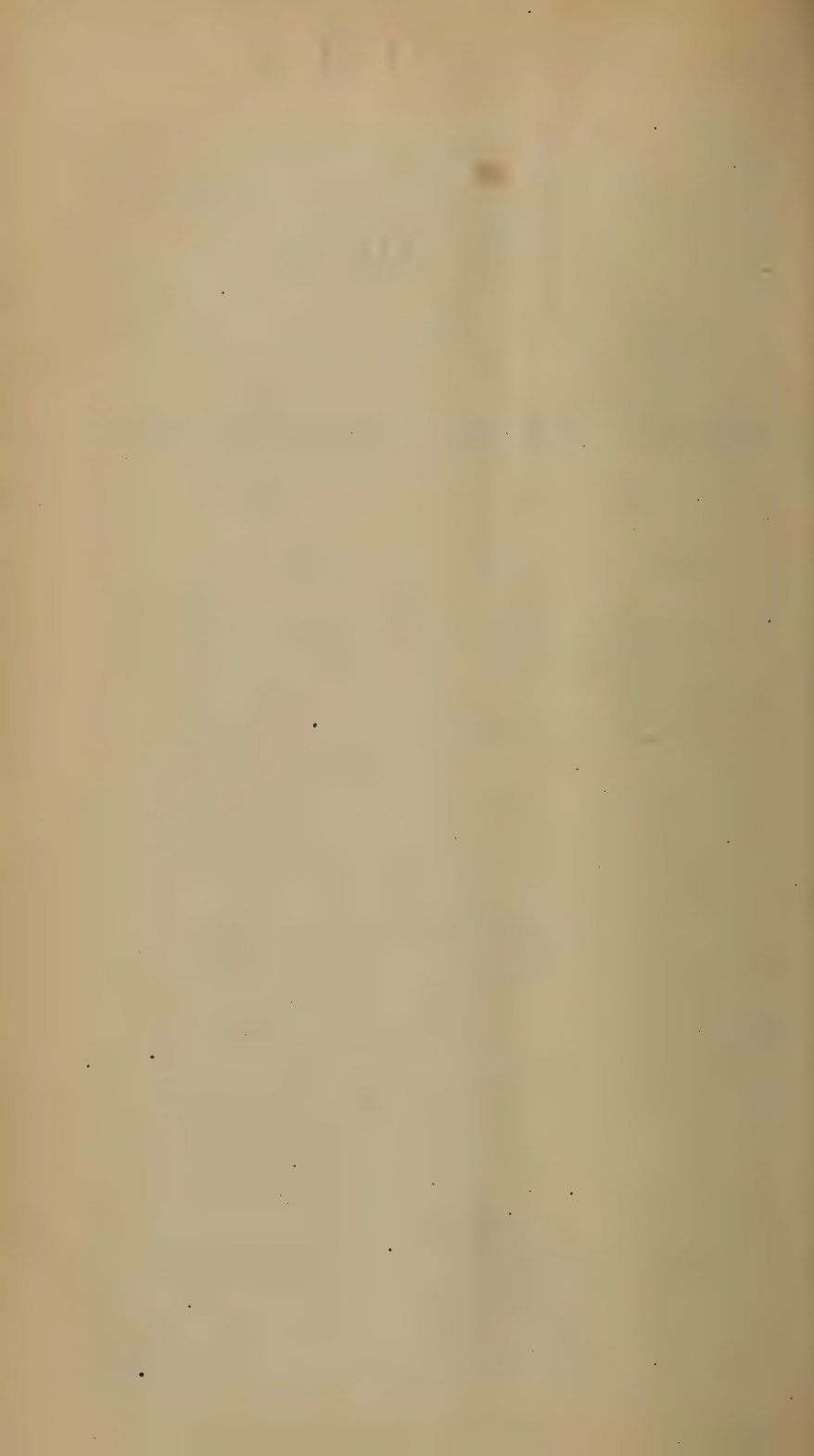
FEBRUARY 14, 1873.

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1873.



EIGHTH HEARING.

Mr. Charles Francis Adams, Jr., for the Railroad Commissioners, was present, and spoke as follows :—

Gentlemen of the Committee:—I am instructed by the board of commissioners to appear before you to-day and submit to you the views that we, as partly representing the Commonwealth, have agreed upon with regard to the important matter you now have under consideration. We have agreed upon them after careful consideration and with a very deep sense of the magnitude of the project. It would be much more agreeable to me, personally, if what I have to say could be elicited by questions and answers; but as it is impracticable to ask questions intelligibly before a statement is made, I will, in the first place, state generally the principles upon which our recommendations are based, and then rely upon the Committee and the counsel that I see all around me, to draw out what I have omitted.

In the first place, then, we submit to the Committee the following Resolve, which we have unanimously adopted, after much thought, and upon that I shall have something to say at the close if my remarks. This we present as the embodied form of our views :—

Resolved, That the governor and council be requested to ascertain and inform the legislature, as soon as may be practicable, upon what terms, if any, the Commonwealth can purchase all the rights, titles, property and franchises of the Fitchburg, the Vermont and Massachusetts, and the Massachusetts Central Railroad corporations; and further to ascertain and report what legal measures it would be necessary or advisable to take to enable the Commonwealth to assume possession, under any powers reserved to it by law or under the right of eminent domain, of the roads, properties and franchises

aforsaid, with estimates as to what would be the probable cost to the Commonwealth of so doing.

Now, gentlemen, in what I have to say, I shall try to confine myself very strictly to the matter now in hand. I shall not ask the Committee to accompany me back to what preceded the discovery of America by Columbus, neither shall I drag them across either of the great oceans and ask them to look at the effects of this Tunnel, or indeed of the grain-trade of this country in China or Persia. In case I should wander away from my subject to either of these points, I hope the Committee will draw my attention to the matter in hand.

In order to sweep away much preliminary rubbish, I shall at once assume that a large business awaits the opening of the Tunnel. That is proved by the fact that the State has built the Tunnel for \$12,000,000 or \$14,000,000, and has taken possession of the line of road leading directly to it. It must be presumed, therefore, by every one, that the State had fully considered whether or not a business was awaiting the result, —the completion of its labors. I shall further assume that in order to meet the demands of this great business that is awaiting the completion of the Tunnel, that a united corporation of some sort is necessary. That is established beyond question in the mind of everybody. It is impossible that three or four or five disunited, antagonistic, disconnected, quarrelling lines can answer the demand of the community in the matter of transportation as the public would have them do it. That is a point so well ascertained that it seems to me a mere waste of time to continue the discussion of it any longer. Therefore I leave it. I shall take another point as settled, and that is, that the discussion of all details is wholly premature; that we are talking on a subject of which we know nothing. We have neither the figures nor the legal information requisite, nor have we given to the subject that full consideration which can give to words any weight that should require the attention of this Committee for a single minute. Hereafter will be the time for that, and now we may as well leave the discussion of details and all the minutiae of arrangements.

Now in appearing here to take the preliminary steps which shall lead to this Commonwealth of Massachusetts going into

the railroad business, as it has been termed, I am fully sensible that the full heavy weight, the burden of proof, rests upon us to show that the proposition of innovation is not opposed to what was supposed to be a long, well-established, and it was supposed, well-founded principle of our organization. In proposing that innovation we are bound to say that there is every probable reason to suppose that benefits will flow from it. I am aware that the principle is well established that the State should not have the least possible connection with industrial enterprises. That is a fundamental principle under which we live. There are few more ardent supporters of that principle than myself in my own sphere. I view every approach to it with extreme regret, not unmingled with distrust; and yet there are occasions where it is absolutely necessary, and when found to be necessary, it would be a sin to avoid it. The occasion where such an innovation is necessary is well defined in an article in a paper—the New York “Nation,”—well known to be a free-trade journal, and an inveterate opponent of the whole system of paternal governments, criticising continually or intermeddling on the part of officials with every industrial enterprise. The article which I read I may state is from the pen of David A. Welles, and it is on the subject of postal telegraphy. He there lays down the principle in the most explicit language, that a government should have no interference with any industrial enterprise, and then proceeds to show that there is but one case which warrants such interference, and that is essentially the same in all departments of industry. That case arises in a Republican government when any one branch of the business of a community is so monopolized that the citizens can no longer derive from it the benefits of competition.

When that day comes, either in the shoe trade or in the coal trade, in the conducting of Pennsylvania petroleum combinations, or in railroads or telegraphy, the government is warranted when all other remedies have failed, in appropriating private enterprise and in crushing and supplementing private interests as best she may. I accept that definition as laid down, as the principle under which we appear before this Committee to-day.

I at once take a parallel. It has been advanced in this case, I have seen it put forward in the papers, and I have heard it has been advanced in the discussion of the board of trade; that the government has no more to do with the railroad business than it has to do with the cotton factory, or the bakehouse or the shoe manufactory. I accept that proposition now, as made by the opponents of this movement, and now I proceed to point out where the distinction lies, and to establish my own ground. What is the system upon which the cotton factory or the shoe factory is allowed to remain free from all government interference? Simply that it is entirely subject to the laws of supply, demand and competition. If a cotton manufacturer demands for his goods an inordinate profit, without action of the government other capital will flow in there and the profits will be reduced, and no monopoly is possible because capital will flow in that direction.

Does that rule apply to railroads? It is perfectly well known to every gentleman present that wherever combination is possible, competition is not probable. Take the case of our own country. We will take the case of Chicago and New York, a thousand miles distant, two points between which railroads have been constructed as fast as private enterprise will construct them. And yet it is well known by every man in this room, that there is not a fare charged between New York and Chicago that is not the result of combination. You know to-day, and it has been so for years before, that every time a tariff is to be raised or lowered, the freight agents of the companies meet in convention and they decide how much it shall be raised or lowered, and that takes effect upon a given day and upon all the roads.

You know perfectly well, there is not a man who does not know, that the only competition which exists is between land and water competition. When water enters into the struggle, then the freight agents meet and the fares are reduced. When the lakes freeze up, then they meet arrange the prices accordingly, and all is raised or reduced by combination. That is the practical operation of the thing.

Now we will take the authority of an earnest free-trader, who would never be suspected of favoring paternal govern-

ments, John Stuart Mill. I read from his *Political Economy*, vol. II., page 584.

Having finished reading the quotation from Mr. Mills' *Political Economy*, Mr. Adams continued as follows :

That establishes the principle, then, that railroads do not depend upon that on which the community rests, in order to secure themselves against any imposition offered from the cotton-spinner or the shoe-maker.

But there is another point about this. Let us now suppose that we accept this ground about the government having no right to go into the business of railroading, and establish it at once on a formal basis. Then the government must have no connection whatever with our railroads. They are under a government which supervises and regulates, and passes laws regulating fares and freights, and laws regulating profits. Then they are not in the position of a cotton factory. What would be the consequence to-day if the government should undertake to pass laws in regard to cotton-mills that they have passed in regard to railroads? Suppose the government attempted to govern shoe-factories in the same way, and oblige them to render returns. Suppose they said, "You shall charge so much and no more; and if you do charge higher rates than those we have put down, the excess shall go into the buying of domain." That would bring these gentlemen into exactly the same position as the railroads, and reduce our industrial system to chaos. The difficulty is that the railroad and the cotton-mill do not stand on the same footing. When you say that government shall not interfere with the railroads, then these parties recoil at once from the connection which they have formed. The fact is, that there are no persons in the community who require more governmental interference and supervision than the very strongest opponents of this system of state management. They insist that the government shall meddle the whole time, and they call it supervision. They insist that it shall do the business of the whole road, and they call it regulating. When they are called upon to carry out their principles, they instantly recoil from them. Now there is nothing which renders legislation more difficult than

this getting hold of this principle and making a false application of it and then considering the argument as disposed of. It has been done for years as regards railroads, and we have been on a false track the whole time. We have been trying to meddle, regulate the thing, and then say we are not meddling, but we leave it to the law of supply and demand. It never has been done, it never will be done. The exception exists and it is competent to be denied. Therefore, we now stand upon common ground. Those opposed to the system of state management and government intermeddling, and those in favor of state ownership have at last got down to solid ground. They both agree that some method of regulation is necessary. Mr. John Stuart Mill agrees with the most ardent friend of the paternal government that some degree of supervision is necessary.

How can that be effected? The opponent of state ownership of railroads says it shall be effected by the passage of statute laws, and statute law has always been regarded by American reformers as a species of pill, a panacea for every ill that human flesh is heir to. If people think there is not quite enough capital in the country, a little more statute law. If men are not temperate, or women are not virtuous, a little more statute law. If labor is not well paid, statute law. If there is not money enough, statute law. In ninety-nine cases out of a hundred it fails. It serves to aggravate the difficulty rather than simplify it. I shall not go into this branch of the discussion. We have examined into it to the best of our ability, and we believe we have conclusively shown that, though there have been six or eight thousand such laws passed during the past forty years, yet scarcely one is in operation to-day. We merely say that if we have failed to make out our case in the report which is on the table, we are unable to prove it, and discussion must go back to that point, and perhaps we must have more statute laws, regulating, supervising, intermeddling. Therefore, if the regulation is not supervised by statute law, how is it to be accomplished? for it is agreed that more legislation is necessary.

How is it done elsewhere? What is state ownership of railroads? The general idea, I think it is the idea of the men who come up here day after day and say that the govern-

ment has no right to go into the business, is that the government is going to run it just as it does the post-office,—own every road large and small and go into the business full tilt. The difficulty is that the matter of state ownership of railroads is not at all understood. People talk wild about it, and show that they are utterly uninformed upon the subject. No country ever did, and I think I may venture to express the pretty firm belief, that any government never will own all the railroads in its limits. In the first place it is impossible, and in the second place it is unnecessary. For an example we will take the Belgium system. The very essence of the Belgium system is competition. It comes back to the principle upon which railroads were founded. But it is not between private companies, but it is a competition between the two forms, of state ownership and private ownership, the two not being able to combine. The consequence is that the two systems are working successfully side by side. On the one hand are the state railroads, working under the management of the government, and on the side are the private railroad corporations, working under the competition of those roads. The result is that one keeps the other pure. They are now, in Belgium, discussing the propriety of the State assuming all the roads. I venture to say that if that theory is carried out they will annihilate that competition which it should be the object of the community to keep moving. The moment all the roads pass into the hands of the government they will lack the stimulus of competition, and the essence of their system, which has made it a success.

Therefore the essence of state railroad management is not the management of the whole, but the control of the whole by the management of a part. That is the principle and essence of the whole thing, and upon that principle I feel that I cannot too long dwell. Therefore we come back now to our original principle. The general principle of railroad government is that the government shall have nothing to do with private industrial enterprise. If we establish the exception with regard to railroads, that the government must exercise some supervisory power, then we must add to that this other point, which shall be the least degree necessary to accomplish the end. That is a point in this case—the fact

that it is necessary to own a part of the railroads in order to control the whole, is something on which I shall have a few words to say at a later moment.

But we are met upon the threshold, the moment it is proposed that the government shall assume any part of the railroad system,—the moment in which she attempts to regulate the whole, not by statute law, but by the ownership of a part—we are met by the cry of corruption. They say, "See what our government bureaus are. You will introduce corruption into our whole system, and it will be, not the control of a government, but the control of a railroad." Let us examine it. I maintain, gentlemen, that of all the devices for introducing corruption into a government that could possibly be devised, none is so mischievous, none so injurious, none so fallacious as the existing system of supervision and regulation. Upon what does it usually depend? It means that the property of one man is to be supervised and regulated by another. Is it within the bounds of human nature to suppose that the man who owns will not do his very best to control the man that regulates? We know very well, how in every legislature the railroad men go in and the lobbies go in, and what a regular system it is for these railroads so honestly to say, "We have got to own the legislature to save our property." Now, just so long as you place the State in this false position; just so long as you reduce this meddling to a system, just so long you will drive railroads into the legislature, and just so long venality and corruption will be on the increase. I maintain the mind of man could not devise a better system for corruption. It is known all through the country. Take for examples, Pennsylvania, New Jersey, New York. Within ten days I have heard a man of the State of New York say, "Yes, we had to buy the legislature, and we have bought them; they would destroy the value of our property if we did not." He frankly acknowledged it, and said it was a necessary result of this simple, gentle, harmless system of supervision which is so much better than state ownership.

But, gentleman, let us take a case which is in all men's minds to day; let us see what supervision and regulation is, unaccompanied by ownership. Who owns the Pacific Railroad? It was not built by government. It was not built by the

United States. The treasury didn't pay down money in cash. No; it was built by an institution called the Credit Mobilier; it owns the property and the government supervised and regulated it. What was the result? We have heard that it became very desirable for the Credit Mobilier to interest members of Congress enough to look into it. Would that have been done if government engineers had built the road? Would that have been done under State ownership? We all know this was done because a true principle has been falsely applied; because government won't own and will meddle. Thus, then, you have brought two great principles into conflict,—the principle of ownership on the one side and the principle of supervision on the other. Just so sure as fate, the man who owns will attempt to control the man who regulates.

Now we will take a few analogies, and there are plenty of them, for the matter is wholly unworked. There is the post-office at Washington; the water-works in your cities; the care of the poor and the sick at your hospitals; there is education; all state departments:—there is no conflict of interest, for the State owns and supervises. Now suppose you put the post-office in the position you put the railroads in to-day. Suppose the people say the government has no more right to run it than it has to run some other departments of industry; what would be the result? Which gives the most trouble to-day? Which is most corrupting to the legislature to-day, the post-office or the telegraph? Which is the one that is continually ventilating its grievances before the committees at Washington? Supposing the post-office to-day were run by half a dozen corporations, and government should say you shall carry such matter for so much,—printed matter at one price, letters at another, and franked matter at another, and should say you shall deliver so much per day,—do you suppose it would be twenty-four hours before the post-office would be in lobby? It would be there in twenty minutes! Take another case—a case perfectly in point here in Massachusetts. There is not a year passes but that you are introducing water into one city or another; is there any corruption there? No, sir. Are the water-boards present in lobby? Is there any corruption? If so, I am not aware of it. Every year or two you incorporate gas

companies; are they in the legislature? I never knew the time when they were. You all know that the moment you divide ownership from management, that moment you introduce corruption into the body-politic. Another case is our school-system; is that a source of corruption? The very proposition is absurd! I am not aware that corruption creeps in there. No man can control it, consequently it is pure. I think if you tried to regulate it without ownership the government could not do the school business any more than it can the railroad business, and I think you would have the proprietors of the schools coming up here and constituting a school lobby which would give the committee on school matters quite as much business as the Railroad Committee has to-day. So it would be with everything else. Your water-boards, gas companies,—everything would pile up work for the legislature if they would undertake to meddle with it. Fortunately it confines its meddling to railroads. In this case now, if I have succeeded in establishing my own points, we come down to the particular reasons why the State should own the Hoosac Tunnel and assume the rest of the line.

This Board have reported upon this matter, and recommended two years ago, that the inquiry be made as to the best means for taking possession of the line of road. Had our counsel then been acted upon, a vast amount of valuable information would now be upon your table. Unfortunately the time had not come when action was necessary, and no action was taken until that moment could be no longer deferred. We now find ourselves crowded forward without any part of that information that is almost necessary to correct decision in the matter.

In the first place, this corporation will require a large capital, and ownership by the State would at once secure that capital. There is no dollar which will not earn its twelve per cent. for us. The State can borrow any amount of money or can issue any amount of stock with guaranteed dividends at six per cent., which can be sold at par. You can get all the money from the State without the assistance of Credit Mobilier. You can go into the money markets where private corporations cannot go, where they are unknown, but where

the promise of Massachusetts is good, and you can get money to any extent you desire for six per cent. Therefore, if this money is to be obtained in the cheapest possible way, then in no way it can be secured so cheaply as through the intervention of the Commonwealth.

This legislature, year by year,—this Committee has now pending before it,—and it is not the first time,—divers bills looking to the trial of experiments. You passed one last year about workmen's trains, and I remember this Board went before you last year in favor of cheap transportation for coal. These we desired to see passed, but the railroads met them on grounds which are good,—that the State had no right to confiscate their property, and be making them try experiments in which they didn't believe. There is ground in that; there is sense in it. You have no business to put them on the same grounds with the cotton manufactories. You cannot supervise a cotton manufactory and say. "You shall see if you cannot make cotton cloth at $\frac{1}{4}$ per cent. per yard cheaper than you now make it,"—but that is precisely what you did in regard to workmen's trains last year. You compelled the railroad corporations to carry a certain class of the community at a loss, and the same principle would authorize you to say that they should carry all persons at a loss.

Therefore I say it is highly desirable, if the legislature of Massachusetts wishes to pursue its experiments,—and there is no man that wishes to see them tried more than I do, I have been talking them for years,—but if the legislature desires to see these experiments pursued, they should pursue them at their own risk and at their own cost. I have repeatedly thought I would come up and ask for the passage of an Act providing that if these experiments are tried the State should guarantee them against loss. If, however, you own a portion of the line in the State, there is ground on which these experiments may be tried. You can have cheap coal, cheap freights,—what you like,—and the people may pay the bills without a murmur, for it is the people who will be benefited. It won't be the stockholders of a private corporation, but the people who will be called upon to pay the bills,—the men in whose favor the experiment is tried.

But it is said by these corporations, "If you make this consolidation of the Boston and Lowell, and the Fitchburg, what enormous terminal facilities it will offer. You cannot possibly get such facilities. Here are tide-water, freight-houses, freight-sheds, and every other convenience." I understand, sir, that there is but one person, one power that can afford these railroad terminal facilities so easily as the Boston and Lowell Railroad, and that is the Commonwealth of Massachusetts. The Commonwealth of Massachusetts, united with the Fitchburg road, will form terminal facilities, compared with which those of the Lowell road are contemptible. What has the State got? The state prison is to be moved, and you can have that estate, and I don't know why that is not well qualified for terminal facilities. Then if that cannot be obtained, or is found to be ineligible, then the Commonwealth of Massachusetts may go to Washington and say, "We would like the navy-yard for our railroad," and I would like to know if her request would not be granted in twenty-four hours? Every private corporation cannot do that,—but let the Commonwealth of Massachusetts put its shoulder to the wheel and we can have terminal facilities enough. There would not be the slightest question about it. Therefore I sweep all this question of terminal facilities out of the case as being mere rubbish which has been heaped up before us.

But it is said that the State cannot own foreign lines, and that it is necessary that we should do so if we are to go to Oswego, Montana, Detroit and Chicago. But it is said we cannot hold lines out of the State. The Commonwealth, I insist upon it, is better qualified than any private company to go beyond the State of Massachusetts. Let us see. I never,—after the experience that we had two years ago,—I never would appear here, or encourage by word or deed of mine, the granting of one dollar of public money to be spent in an enterprise outside the State only on the most extreme grounds of reason and caution. No dollar should be invested in railroad enterprise except where it would return its ten per cent.,—and any dollar that will yield its ten per cent. can be procured for six per cent. What is to prevent the Commonwealth from organizing its board of trustees to operate its road, and authorize them to lease connecting roads in other States, on

terms to be specified? What is to prevent them from doing what has been done in Pennsylvania. The Pennsylvania Railroad Company do not own a mile outside of Pennsylvania, but there is, beside that Pennsylvania Company, a wheel within a wheel, which leases and holds different roads in trust for the State. But the Pennsylvania Company does not own a single one; they are all held in trust for them. What is to prevent the State of Massachusetts from organizing its board of trustees into a corporation to own, lease and hire roads outside the limits of the State, and hold them in trust for the Commonwealth? With that I sweep one more piece of rubbish out of this case.

But we are told, it is dinned in our ears continually, that by owning a state railroad we are going to ruin private corporations; that we have built up these private corporations, and authorized them to run and operate their roads, and make money upon them, and that we are going to ruin them. Here is another fallacy. A few minutes will dispose of this. I don't propose anything more than sufficient ownership to enable us to regulate the whole. If a railroad owned by the State is operated at a loss, or if it is a local road and operated by the State, it is absurd to suppose that the people of the other sections of the State would not come up and say, "We will not be taxed in order that the road may run to your profit—to the profit of this particular section. We insist that that road should be made to pay, and if it cannot be made to pay it must be sold. As for expecting us in Bristol and Barnstable to supply a loss made for your local interests, we will not do it. That road must be sold." Well, if that was the case, it would be sold. If the road lost, it must be sold. And if it paid, the private corporations must take up the same system. The people would say, "Why don't you operate on the same principle with the State? You have all insisted that the State could never compete with private corporations? now if on these terms their road can pay, your road must adopt them or we will buy you out." And they would adopt them. In the one case the people would refuse to be taxed for the benefit of a state corporation, and in the other they would refuse to pay for the benefit of a private corporation. Either way the difficulty would not arise.

But that may be said to be merely the theory of the case. Very well; here is the precedent. Here is a little blue book from England, to which I will call your attention. I do not propose to put in the whole book, but I will read to you from it the results of the labors of Mr. Malcom Mayer. After giving a description of the Belgium road, a large portion of which will be found popularized in our Report, he then proceeds as follows.

[Having read the extract, Mr. Adams proceeded.]

That clause covers every position I have taken to-day; not as a mere doctrine, but as the experience of a thirty years' railroad system. There is a manifest propriety at this time in the State's trying this system. We own a portion of this line and don't know how to dispose of it. Private corporations don't seem to care what disposition shall be made of it. Under these circumstances, all supervising and regulating by the legislature having failed, it is manifestly proper that we should see if the result cannot be reached in some other way. If it cannot be reached in this way, then the opponents of state ownership will have proved that they are right, and we should be wrong. The property is amply worth all the State paid for it, and it can be disposed of to private parties at any time. Then we could turn our attention from the system, throwing it aside as a thing tried and passed, and we could turn our whole attention to some other plan. Then another piece of rubbish would be cleared out of the way.

There is another argument against state ownership. Mr. Joy told you yesterday that this whole thing has been tried fully and fairly, and has failed. But Mr. Joy should have gone one step further, and shown you that private ownership did not fail. The experiments of which he spoke, were tried thirty years ago. The difference was that the State could afford to make a bad thing of it, and private companies could not. The State sold at the very bottom of the market, and Mr. Joy's own road—the Michigan Central—was bought for a song. Of course they can make money on that song! In the hands of a fool it would have paid. A turn came just at the time, and every road in the country went up like a

kite. It is notorious that there are only three railroads in Illinois, with its six thousand miles of road; there are just three companies that have not passed through bankruptcy in private hands. I think the government could do as well as that. Therefore it is useless to say that because we failed once, when the whole system broke down, that it is unreasonable to expect to succeed now.

Now, gentlemen, we have come down to where we shall depart from the ground which I have throughout assumed. I believe I have said nothing to-day, at least I have tried to say nothing to-day, which I have not either substantiated by the experience of other countries, or else by such a return to first principles that all will agree that I have made out at least a *prima facie* case. I have said that allowing the principle that government should not interfere in private industrial enterprises, there is an exception to the rule, and some supervision is sometimes necessary. I then take the ground that that supervision should be the going back to the great principle of competition. I say, how shall we get back from this false ground to that first principle? By operating the least possible amount of the railroad system which will enable you by that operation to control the whole.

Now, then, you have a perfect right to ask me what is the least possible amount? In order to give you my impression it is necessary to ask you to form some idea as to what is the probable future of the railroads of Massachusetts. You are sitting here to-day, passing upon a question upon which your conclusion is destined to be productive of very great results for good or evil to the Commonwealth, and you have no right to report a measure without having forecast the future to the best of your poor ability.

Knowing, as we do, the principles which are controlling the railroad developments in America and in Europe as the result of the past, I am prepared to say that certain things are or may be taken for granted. In regard to the principle for consolidation, I will go the whole length which I understand Mr. Derby went a few days ago. It is necessary; you may try to check it; others stronger than you have done their best to prevent the natural growth and development of the railroad system, but they have failed, and you will fail. It will grow;

it must grow; it must develop; it must take the form of consolidated ownership. We can no longer get along with contemptible one-horse lines, operating forty or fifty miles of road. They cannot control the ability nor brains which are necessary to this accumulating business. Consolidated lines are necessary, therefore. Whilst this principle of consolidation goes on in Massachusetts where is it to leave our railroads? I myself look confidently for the time when six corporations will control the whole railroad system of the State; when the various railroads will be consolidated into six families. The Boston and Maine and Eastern roads will form one family, and if they had formed it a few years ago they would have prevented the waste of a large amount of money and an endless litigation. Next to them, and stretching out its arms to the North, will be the Boston and Lowell or the Great Northern Consolidation, field enough to fill the ambition of any common man. Next to that will be the Fitchburg road and its connections, stretching out its arms to the lakes, to the West and to the coal-fields of Pennsylvania, occupying the most commanding position in the whole system. South of that will be the Boston and Albany operating a line well consolidated and well understood. Again, further to the south will be the Boston, Hartford and Erie, which will inevitably swallow up the Boston and Providence—although not yet; that line will stretch its arms out to Connecticut, New York and across the Hudson to the coal-fields of the West. South-east stands the best constituted line of them all, occupying now the south-eastern portion of the State, the Old Colony. These roads will, unless my vision wholly fails me in drawing the horoscope of the future, divide among themselves the railroads of the State, and so far as I, standing here and in some degree representing the Commonwealth, am concerned, I would much rather deal with these families than with those with which we now have to deal. I could deal with them with some show of equality. You can concentrate public opinion upon it so that it can be made to operate, and we can say to such roads, "You see this is not right, and that is not right," and the road is almost sure to listen to reason and be amenable to its dictates. But when you come to dealing with the thirty or forty miles contemptible little roads,

you might as well talk to the north wind. In the first place they cannot understand you; and in the second place they could not do what you wanted if they did; they have neither the brains nor the money, and they cannot get them. If you want to put brains and money into a large corporation, and if you want them where you can hold them responsible, you must allow them to develop and assume all the proportion of a man, and not dwarf them forever in the swaddling-clothes of a babe.

Now, gentlemen, we come back to the point that if this is to be affirmed that railroads are to be managed, what is the least possible amount we should own? I say it is to own one member of that family of six, and that member, common sense points out to be the Fitchburg road and its connecting line through the Tunnel. The State would hold a road connecting with Canada and the North, and in that manner controlling the Boston and Lowell connection on the one hand, and on the other, connecting Lake Ontario, and on the south controlling the Boston and Albany, running off to the coal-fields of Pennsylvania by way of the Delaware and Hudson Canal Company. and stretching its arms out in every direction, making it fully insure large transportation to the State. If one can be carried on successfully, it will surely reform the other. The only way in which abuses have continued to this time is that we cannot demonstrate that they are wrong. We can only argue the subject with them and demonstrate by action that they are wrongs. Why, there is no form of transportation, no matter from what point of the compass, provided it come to be a railroad, that would not feel instantly the effect of any reform in management on the part of the Tunnel route. It would be just like the regulator of a watch which causes every part to come back and act and react upon itself. There is where I should limit state ownership. If you were to assume the whole of the lines through the State you would destroy the very essence of that competition to which we wish to get back. When we stand on competition we stand on solid ground, and the competition of a mixed ownership, and the competition of public roads is the solid ground where we can stand and rest. That solid ground, so far as Massachusetts is concerned, would

be obtained beyond a peradventure by the possession of the one line which stretches its feelers through the entire system.

I believe I have said all that I have to say on the general topic. It merely remains for me to analyze this Resolve in order that it may be prepared for action with the least possible delay. It is calling upon the governor for no action, but simply to discover upon what terms the Commonwealth can purchase the Fitchburg, Vermont and Massachusetts and the Massachusetts Central lines. The Massachusetts Central is included, because it stands in an exceptional position ; because it cannot be obtained under the ten per cent. clause. If the State is unable to come to any terms with the Vermont and Massachusetts, it can find an equally ready route over the Massachusetts Central, and leave the former undisturbed. But the Fitchburg is the key to the whole thing. If the State had taken the Fitchburg road two years ago it would to-day be master of the whole position.

The Resolve then provides that the governor shall ascertain and report what legal measures should be pursued, and it is very obvious to us that there are difficult and complicated questions involved, on which we should early have the opinion of competent gentlemen of the law. Further, the object of the governor and council, is this ; that our State comes forward to take the position of meeting these corporations as high contracting parties. They wish to have these corporations feel that they are dealing with some one that is authorized to deal ; that they are not dealing with a visionary or irresponsible person, but that they are talking here distinctly with the highest power that the Commonwealth can put forward to meet them. Therefore, I am directed to respectfully request the Committee that they will take the Resolve of the Commissioners into immediate consideration. Had that Resolve been passed last year, you would now have upon your table a vast pile of information on the subject, and if the Committee should report the Resolve, and put it upon its passage immediately, it is safe to say that before the first of March, the information will be placed upon your table by the governor and council. I have nothing further to say, except to respectfully urge that you will give this your immediate and attentive consideration. (Applause.)

A LITTLE LIME IN BERKSHIRE.

Mr. E. W. James, a gentleman present at the hearing, represented that by reason of the high prices charged by the railroads, there was some difficulty in obtaining lime in Berkshire County, which difficulty he wished taken into consideration in any consolidation which was made. He was referred to the railroad commissioners, as was also Mr. Moses Hunt, of Charlestown, who entertained the Committee and those present with a few remarks which he had transcribed before breakfast, and which were the cause of some merriment.

HON. E. H. DERBY.

Mr. Derby stated that he would, in the absence of Mr. Gore, make a brief statement concerning the Lake Shore Railroad. Mr. Gore had been carried away by an express message; he came here with a statement of the income of the road for the first few weeks. The road had been in operation since the first of October. Some forty miles of it have been in operation during the last three months with very satisfactory results; the country through which it passes is a perfect garden, highly cultivated, full of orchards, and the road is nearly level from Oswego to Niagara Falls. The promise to the road is that it shall be accomplished this coming summer, or certainly as early as the same line would be completed from Oswego to New England.

Mr. Derby then submitted the following documentary evidence on railroad amalgamation from Herapath's Railway Journal.

First the testimony of Sir Edward Watkins and Mr. Pease, M. P., before the joint committee on railway amalgamation as follows:—

“Sir Edward Watkin said he was decidedly in favor of amalgamation under proper conditions. Unconditional amalgamation would, he thought, be a great evil to the public. When the elements of competition were preserved in amalgamations, they were, on the whole, of advantage to the public; they had been so in the amalgamation of the Great Western, the Great Eastern, the London and North-Western and the North-Eastern.

“Mr. Pease, M. P., a director of the North-Eastern Company, gave very strong evidence as to the advantage that had resulted to the companies, to the sender of minerals and goods, to passengers and to the general public from the amalgamations which had resulted in the formation of the North-Eastern Company. In addition to his being a director, he was a very large sender of minerals over the North-Eastern, and paid last year for carriage, £370,000. The North-Eastern embraced thirty-seven original independent companies. It now embraced the whole district in which, although there was no competition whatever, the rates had been greatly reduced, facilities greatly increased, and at the same time much better dividends earned. He believed that the rates on the North-Eastern would compare favorably with those on any other line in the kingdom. The reduction that took place in consequence of the amalgamation made a difference to his firm of from £4,000 to £5,000 a year. Manufacturers had a much larger basis from which to draw their supplies, colliery owners had a larger choice of shipping ports, and the whole community was benefited. In cases of amalgamation, the neighboring companies should have existing powers and facilities preserved to them. If companies refused reasonable condition, parliament should refuse to grant their bill!”

Also a report of a special meeting at Manchester, on the same subject:—

“A special meeting of the Manchester Chamber of Commerce was held on Monday May 13, at Manchester, for the purpose of discussing the subject of railway amalgamation, and the question of the acquisition or control of railways by the State. Mr. Hugh Mason, president of the chamber, was in the chair. He said they might give their Liverpool neighbors the credit of having been the means of stirring up the country to the consideration of this question. He thought the country owed a vast deal of its prosperity to the enterprise, skill and wisdom with which our great railway system had been brought to its present state of perfection, and he was very much afraid that if railways were thrown into the hands of the State, we should have a much worse master to deal with than we had in having to deal with what some people termed a tyrannical and overbearing board of directors. He was very much afraid that if railways were to become the property of the State there would be an entire absence of that elasticity which characterized the present management of railroad property. He was not only opposed to the acquisition of railways by the State, upon commercial grounds, but

also upon political grounds. He was earnestly in favor of amalgamation under certain conditions and limitations. Every gentleman would admit that economy was greatly promoted by amalgamation, and if economy was promoted the general community would, of course, be benefited. He thought that railway directors though they had, like other people, committed a great many faults, had on the whole managed their various railways, not only with due regard to the trust of shareholders, but also with due regard to the interest of the country at large. He did not think there was a small railway now in existence which was not ready, at a price, to amalgamate to-morrow. He spoke in the presence of Sir E. Watkin, one of the ablest railway directors in the country; and he knew that if his board of directors a number of years ago had been as foreseeing as Sir Edward was, the Sheffield company would have ceased to have an individual existence, to the great profit of the shareholders of the day. He was not prepared to say that there should be no limit to amalgamation. The country might safely, he thought, be mapped out into four or six geographical territories, and the natural bounds of those territories would define themselves. If amalgamation was carried out under wise parliamentary regulations, we should have through rates and through trains at a cheaper price, with much fewer breaks and interruptions than existed at the present time. Another most important point was whether they were prepared to undertake a compulsory partnership with the State by allowing the State to have a monopoly of all the travelling in England, Scotland and Ireland. He said compulsory partnership, because every day the railway service was becoming more and more an integral portion—and essential as it were to every commodity—that they produced or consumed—of almost every action or transaction of their lives; and, therefore, to arm the State with the power of regulating the whole movement of the population, the whole carriage of goods, and with all the varied transactions which railways involved was just to say to every man who was a manufacturer, or to every man who moved about, that he must from that day forward be a partner with the State. What was the State? In this free government it simply meant the party government of the day, and the moment they gave the control of this vast system of carrying to the State, they practically handed over the management of the railways to party government. Apart from any other political objection was it sane, on plain economic grounds, to do that? Was it likely that the State would in any way equal the commercial management and efficient control which private enterprise at present exerted in the carrying on of our great system of transmission? The whole theory of political economy was based, after all, upon motives. Political

economy assumed that motive was the parent of action, and the stronger the motive, the more complete and successful the action. It was the great motives of emulation, competition, the desire to excel in the race and win the prize, that has made this country great and free, as it was in industry, science, learning and art,—[applause] which admitted brilliant exceptions, such as were suggested by the names of Count Cavour and Sir Robert Peel, he held that the reason why governmental management was not so good as a private enterprise, was that motive was wanting. Though the French railways were well managed, they were not progressive. In England they had been progressive in every way. Private enterprise acting under the law of competition, had given us a good system; and, quality for quality, the cheapest system in the world.

“Mr. P. B. Ferguson and Mr. R. Johnson seconded, ‘That the Manchester Chamber of Commerce views with disfavor, both on economic and political grounds, the project of the purchase and working of railways by the State.’

“Mr. Mitchell Henry, M. P., said there could be no real reason why the State should acquire the railways of this country.

“The resolution was then passed.”

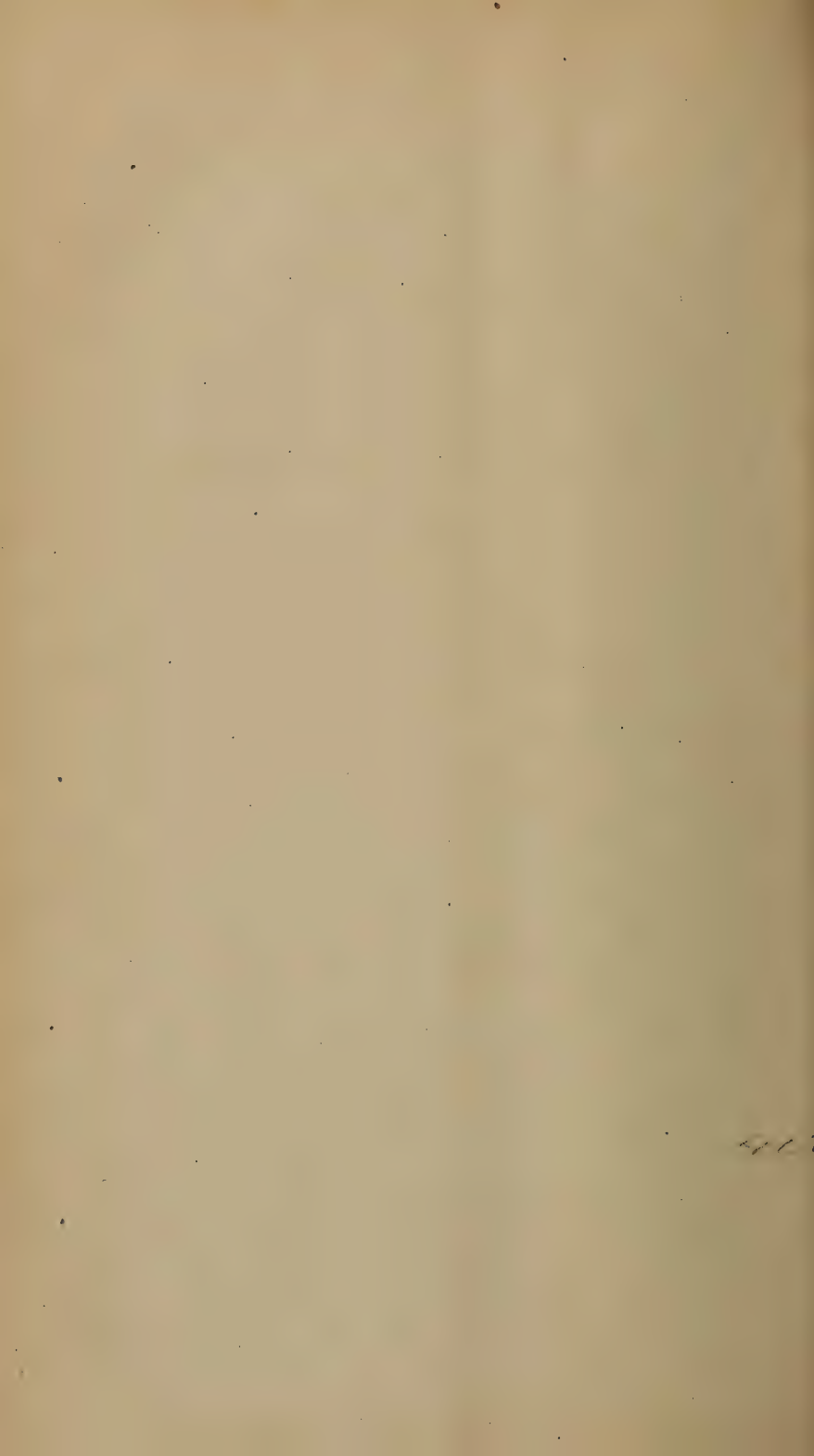
From the same journal of January 18, 1873, the following paragraph was read:—

“The revenue of the Paris, Lyons and Mediterranean Road to December 22 last year, amounted to £10,063,973, as compared with £9,094,031 in the corresponding period in 1871, showing the vast increase of £969,942 last year. The company was making on December 22, 2,808 miles of line as compared with 2,668 miles at the corresponding date of 1871. Nevertheless the progress of the traffic has of late greatly outstripped the growth of mileage. The Paris, Lyons and Mediterranean may be fairly regarded as one of the industrial triumphs of France.”

From the same journal, dated February 10th, 1872, the following article on the death of Mr. Joseph Pease was read:—

“A distinguished railway man has ended his earthly career during the past week,—Mr. Joseph Pease. Mr. Joseph Pease, with his father, Mr. Edward Pease, and George Stephenson, took leading parts in the promotion of our railway system, particularly in connection with the Stockton and Darlington Railway, which was the first line opened in 1825. It is stated that Mr. Joseph Pease drew

up the prospectus of that line. Moreover Mr. Pease was the founder of Middlesbrough. His capital and enterprise assisted in developing the immense iron trade which has attained so high a degree of prosperity in Cleveland. It was, however, with the coal trade of Durham and the formation and extension of railways in the north of England that Mr. Pease was chiefly associated. He leaves a family. His eldest son, Mr. J. W. Pease, is the present member for South Durham. Mr. Joseph Pease was the president of the peace society, and has established and maintained, chiefly at his own cost, an extensive system of education in connection with his collieries in the county of Durham. Mr. Pease was the possessor of great wealth, and contributed largely to the benevolent and charitable objects throughout the country. He died in his seventy-third year."



R E P O R T

OF THE

NINTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

FEBRUARY 17, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

NINTH HEARING.

It was the intention of the Committee to have given a hearing on the petition of the Boston and Lowell Railroad Company, but owing to the absence of the Senate members of the Committee that subject was postponed till the next day, and invitation was given to any citizens who might be present to express their opinion as to the general consolidation plan.

MR. N. C. NASH.

Mr. N. C. Nash, of Boston, made the following remarks :—

*Mr. Chairman and Gentlemen :—*I stand here this morning as a business-man of this city, and the term of my business-life in the city numbers thirty-six years. To-day our firm send more tons of goods into the West, day, week and month during the year than any other firm in the city of Boston. Hence we must have had some experience with regard to the principles, the economies of transportation from the city of Boston to the far West. To the disgrace of Massachusetts to-day, so far as every railroad system goes, we are shipping goods by steamer to New York to go West over the Erie road. Why is it that such a condition of things exists? We trust and hope it will not exist after the State shall do what it ought to do, become an owner of a road from Boston to the far West; at any rate from Boston to the Tunnel. We want to come to one railroad system. We want the whole system of our railroads to conform to what we recognized as the principle of the Commonwealth, which means the common good and the common advantage of all of its citizens and not of private individuals. In my judgment, the Boston and Albany road has never been worked in the interest of Massachusetts, for the building up of the State and the advancement of its wealth and prosperity. If in the long series of years that the

road has been controlled by the directors of the stockholders and of the State, we have not realized any better advantages than what the present now affords us, then I say there is a policy for the Commonwealth with regard to it that shall subserve the interests of the Commonwealth, not that class of individual service which is permitted to-day to so great an extent. Hence I appear here to-day as an advocate of the plan that the State of Massachusetts shall take to itself the Fitchburg, the Vermont and Massachusetts, and such roads as it shall require for its extension to the Tunnel, and to rule and control that road at the cheapest possible rate which can be done and pay the interest on it, and show to the people of the country that Massachnsetts can manage a road economically even better than those who now operate roads as private corporations. We see the Boston and Lowell road asking for consolidation with the Fitchburg. Not a word is said in regard to the matter of consolidation by the Lowell with the Tunnel, for that thing was an inconsistency for their so doing. But when the Fitchburg road held its meeting the other day, primary and foremost was the consolidation of the Fitchburg and Lowell roads. Why was that? That man who so eminently manages the interests of the Lowell road, and who has not his superior in ability in the whole Commonwealth,—I may say the whole country,—undoubtedly said to the Fitchburg, "Lay quietly where you are; make no addition to your railroad; daylight is through the Tunnel; remain where you are; we have secured good facilities on Mystic River; we will consolidate with you, and then when the State has consolidated with the Fitchburg, reaching to the Tunnel, then the Lowell becomes a part of that consolidation, and their terminal facilities that they say are required for the vast amount of business that is to come through the Tunnel for shipment will be provided for in this location on Mystic River." Why such a consolidation as that? We want in Massachusetts all the four roads running to the far West; we want this road through the Tunnel; we want the road over the Vermont Central; we want the Boston and Albany road; we want the Erie road; we want, also, the Commonwealth to control the other three; that she can do and only do when she is the owner of one road that no man has the say in reference to, except the Common-

wealth. I read in the paper the other day that Mr. Joy, from the Illinois road, was before the Committee. How does he come in Boston; I suppose he came to see his cousins in railroading. He goes on to tell you what failures there have been out West in regard to the State's building railroads. He tells you they were a complete failure so far as State management was concerned. Well, when you come to look at the facts of this case, when these roads were built it was like Massachusetts building the Tunnel. When this State had spent millions on the Tunnel, the Lowell and every other private corporation in the State was asked to take it as a gift, and they refused it as they would poison. Now that the State has accomplished the great thing that puts Boston to-day where New York can never, in the history of the world, walk over Massachusetts in those advantages of reaching to the far West and obtaining from there the products of that Garden of Eden,—now, sir, Mr. Joy tells you of the failure of success. Their failure of success was because they built roads where there was hardly any population, and when the road created the population and they created the freight, then it was that the roads became available, and skilled talent was invited into the legislature to draw from the State the roads and put them into the hands of these private corporations that to-day are the owners of that vast amount of wealth. Well, sir, we who have some regard for the progress of events, find it oftentimes well to look back. I will refer you back to the memorable year of 1857. In August and September of that year the following fifteen companies were reported as having gone to protest on their floating debt, suspended, or made an assignment of their property:—

New York and Erie, for	.	.	.	:	.	.	\$38,000,000
Illinois Central,	.	.	.	.	.	.	24,000,000
Philadelphia and Reading,	.	.	.	.	.	.	20,000,000
Michigan Central,	.	.	.	.	.	.	14,000,000
Michigan Southern,	.	.	.	.	.	.	18,000,000
Cleveland and Toledo,	.	.	.	.	.	.	7,500,000
Milwaukee and Mississippi,	.	.	.	.	.	.	7,000,000
La Crosse and Milwaukee,	.	.	.	.	.	.	14,000,000
Cleveland and Pittsburg,	.	.	.	.	.	.	6,000,000
Delaware, Lackawanna and Western,	.	.	.	.	.	.	10,000,000

Chicago, St. Paul and Fond du Lac,	\$5,000,000
Northern Pennsylvania,	6,000,000
Cumberland Coal Company,	6,000,000
Indiantown and Broad Top,	1,200,000
Steubenville and Indiana,	5,000,000
Total,	<hr/> \$181,700,000

Mr. Bacon.—You don't mean that they went to protest on that amount of paper, do you?

Mr. Nash.—Yes, sir. You recollect this was the year when there were so many failures, and money reached so high a premium that men had to trade away their railroad stocks for what they could get; and thus illustrated the principle in Scripture: the time came when one man reaped where he had not sown, and gathered where he had not strewn.

Let us contrast these events of 1857 with those of the present time, and then what Mr. Joy tells you falls to the ground. Look at these sums of these various roads. Suppose you should have the same railroads to-day; put the amount against each that they are paying dividends on to-day. Why, here is one road in Pennsylvania, with one corporate capacity, that has purchased hundreds of thousands of acres of coal-mines, and the railroad companies of Pennsylvania to-day are, in that corporate capacity which the State gave them for building roads and running them, monopolizing the coal-trade of the State and putting upon New England, Massachusetts and our manufacturers, the conditions on which they shall have a ton of coal. I know not whether the State has no right to interfere in such a case or not, but I know in equity there should be a power to intervene. Well, sir, we see how these private railroad corporations do in regard to the progress and advancement of business. We have extended our railroad system rapidly during and since the war, and the debt that we have contracted for them, with the debt of the nation, leaves this nation to-day bankrupt if it were not for the vast extent of intercommunication and trade with each other. That is our condition, whatever we may say about prosperity. We have destroyed values, and the government are owing to-day this large amount of gold that must be shipped or made up by the products of the land to

pay the national, railroad and other interests to the Old World, so that we cannot resume specie payments, or restore values to this people, that would put them on the line of prosperity. That I say as a business man is impossible under the present state of affairs. Well, here we are now in Massachusetts developed up to so successful a point. Now I want that successful point conferred upon the people and the growth of the State. I don't ask for it for the metropolis of the State alone; if she is successful the State is successful; if she goes under then the State is wounded; and the agriculturist can always live, whatever the condition of commerce may be. I want the State to do what it has a right to do. If we require facilities that the Lowell road has got upon Mystic River, she has a right to take it; and if the Senators and Representatives of Massachusetts will say in Congress tomorrow, "We want you to leave Charlestown and the navy-yard," it is done. You can get it easier than anything else under heaven inside of Congress. When you have got the navy-yard there is accommodation of water, land, wharves—everything that you require for making a terminal point for that road that cannot be surpassed in the Commonwealth. Hence I stand here and ask this, not that it shall add to me or mine one dollar of profit, but that it may add to the whole community these advantages. I want the city of Boston put in that condition that no Atlantic city can take advantage of us in regard to commerce with the great West, for there is where we rely. We in Massachusetts have got to wake up. I remember the remarks of a gentlemen that were very true; he said that God Almighty has spread his lap in the harbor of Boston, and there is not enterprise enough in Boston and the Commonwealth to partake of the advantage which it has over any other city in the Union. That has been true from the time he uttered it till the present hour, and I do hope that Massachusetts will rise from her lethargic condition and strike a blow for Massachusetts' prosperity, so that we can refute the declaration of that clear observer. I feel myself to-day that Massachusetts is liberated, as it were, and that we have only to grasp the golden opportunity and hold it in peace. I am not inexperienced entirely in the matters of legislation. You know, gentlemen, as well as I know, what the influences

are that come within this building when these great moneyed interests are at stake. You know how it can be done ; that if a powerful corporation, like the Lowell and the Fitchburg, should come in and take the interest of the Commonwealth in the Tunnel, I predict that within four years these two roads would control the State by that Tunnel, just as a mother holds her child by its leading-strings, whatever the Commonwealth might do. I don't believe in consolidation. I do believe that here is a great thing accomplished at an enormous expense, and I do believe that the State should hold it as the apple of her eye, so far as the prosperity of the Commonwealth is concerned.

Mr. Bates.—Will you state what advantage the Northern line has been to Boston?

Mr. Nash.—We have derived more advantages from that line than from any other source. We have shipped our goods by Erie, and they send them by steamer to New York ; that is about the only means we have of regulating rates or making them come to any decent rates.

Mr. Derby.—Were you aware of the fact that the title to the navy-yard was only held by the United States on condition that it remains used for that purpose ; and that otherwise it would revert to the original proprietors, thus making it impossible for the government to give it to the State for use as a terminal point for the Tunnel road?

Mr. Nash.—I was not. But I think it could be bought of other owners for this purpose, as well as of the government.

JUDGE GEORGE WASHINGTON WARREN.

George Washington Warren, Esq., of Charlestown, made the following remarks :—

Mr. Chairman:—In 1838, I happened to be a member of the legislature, and cheefully voted for the first Act of state aid granted to the Tunnel. I had subscribed to the stock of the Western Railroad when it was not considered a paying stock, but the people were requested to contribute their portion towards the great public good. Becoming fully imbued with the idea that the Tunnel was a feasible project, and having studied the report of Colonel Baldwin, recom-

mending that the Tunnel should be carried through, I subscribed to the stock of the Fitchburg, and also to that of the Vermont and Massachusetts. I have computed the difference between the investment of money in the two roads, just out of curiosity, and I find that the difference between the investment in one share in the Boston and Albany, at the time the Vermont and Massachusetts was opened for the first subscription, and one share invested in the Vermont and Massachusetts, would be \$1,300, and if a man owned fifty shares, it would be fifty times as much. Well, much of this is owing to the partiality of the Commonwealth to the Western road rather than to this. The body of subscribers to the Vermont and Massachusetts line were as able, and contributed as much in proportion, as those of the Boston and Albany. The difference was, that the State became a subscriber to the Boston and Albany, and gave that road its credit for a million of dollars whenever it wanted it, while it persistently refused to grant any aid to the Vermont and Massachusetts, and they were obliged to resort to all sorts of measures to succeed. At one time, when I was a director of the Vermont and Massachusetts, it was understood that the Highland road wished to pay in a loan of \$500,000, which would be very beneficial to the Vermont and Massachusetts. That they would not even allow, and therefore the road had to go on in its own way, struggling with all the difficulties that the times imposed upon them.

I also bring up this matter of interest for another reason. In order to dispose of the Tunnel, it is an important matter to know the cost. The people say: "Well, but the Tunnel cost so much, and we have paid so much interest, and we must get all this cost back." But suppose the city of Boston, as a town, were to compute the cost of its roads and add the interest! We would hardly dare to travel on any street, because it cost so much. We are simply to consider what would the Tunnel cost now? What would it cost to build it now, and for the management of it? When it has paid for itself, it must be as our bridges in the city were; you must charge only enough to keep it in repair, rather than keep it to make money upon.

I may now pass, Mr. Chairman and gentleman, to the idea that the State should assume the control of the railroad at its own cost. I was surprised the other day at some of the arguments made by some of the gentlemen who have appeared here. For instance, Governor Claflin said it was nothing more than the investment upon the Back Bay lands. Now look at it. The State had some property ; they appointed commissioners, and they were allowed to make contracts for filling up the Back Bay, and it was a contract that was carried out. That would be analogous to the State's assuming the railroad and then making a contract for leasing it, and that it is the whole of it. So with the letting of the labor of the prisoners at the state prison, though it is a matter of complaint that those who hire it have an unfair advantage over those who do not. But, then, that is a matter of necessity. All the State does in that case is to make a contract. This is nothing like running a railroad, 200 miles long, as a railroad corporation runs it. It would necessitate the employment of thousands of men, who constitute a large portion of the community. To say that is what the Commonwealth ought to do is in my mind perfectly absurd. The manager of a railroad has thousands at his beck and call ; and a senator of the United States or any other officer would be nominated and elected in the interests of such a power. The Chairman of the Railroad Commissioners thought it was perfectly analogous to our public schools. But just look at it. The schools are managed by municipalities ; the city council or the towns build the school-houses, and the school committee elect the teachers. But suppose the Commonwealth, to-day, started upon the policy of taking the whole charge of public instruction into its hands by its agents ; why, on whatever board that power devolved, it would have a power that could give governor, council and legislature.

Governor Claflin said that we want cheap food and cheap transportation. We will agree that we do, but it is not cheap freight altogether that will bring cheap food ; the profits may be put on so as to rob the people of much of the benefit. But to carry out the idea, the State should not only own a road but it should buy food and sell it at retail. To go further than that, they should buy ships and run them, in order

to secure perfect and complete competition, so as to give us the least possible price. But there is only one ship that the State can run, and that is the Ship of State, simply ; with the executive at the wheel and the legislature for a crew, attending to its own business. But to go into the business of transportation, building cars and engines, employing thousands and thousands of men, and a large number of superintendents and persons who receive a high salary ; it is going far beyond the depth of any government in a free country. A monarchical government may well do it, but the idea is contrary to the idea of a free government.

I would call your attention, Mr. Chairman and gentlemen, to the original travel on railroads. By the first charter that was granted, the idea was given that the railroad corporation should build a railroad like a turnpike and then allow any other corporation to run their machines over it. But in 1838 the Providence Railroad made their rules in regard to the size of cars, and they also made provision that no locomotive power should be run on their road except by themselves. Thus was the question fairly before the legislature, and they decided, that in view of public safety it would not do to consider a railroad like a turnpike, but that there must be one controlling power to furnish the locomotive power, and that should be the main line. The arguments were all the other way, but it has become the policy of the Commonwealth.

The proper thing for the State to do with a railroad would be to make a contract to lease it. An illustration of this principle may be found in the United States Bank. The great difficulty with that was that it was under political influence and control, though in many respects it was considered a good institution to supply to the people of the country a uniform currency, yet it became the central power in every State in the Union ; and upon that ground the United States Bank went out of the way, and instead we have the national banking system, in which parties, irrespective of political opinion, engage, and in which there is no fear of political influence, and they do business according to their own views.. And yet the chairman of the railroad commission, stated that because railroads were under the supervision of the

Commonwealth, *ergo*, the Commonwealth should run railroads. I don't see the logical sequence of it. But they say that it would not be for the interests of the Commonwealth to run all the railroads, but just one railroad to show the other six or seven—I think he resolved them all into six or seven lines—let the Commonwealth take one and run it in their way and bring about a proper competition. The result would be that you would get your money at six per cent., earn ten per cent. and pay the cost in thirty years. Then we would say that the Commonwealth should not require us to pay anything more than the actual cost of running it, and the other roads would have to come to the same gauge. Of course the Commonwealth would have to take the whole or else impose a serious loss upon the stockholders of the other roads.

So, Mr. Chairman, with regard to another idea,—that the State must keep the control of the Tunnel. But the State does not own this Tunnel. The Troy and Greenfield road have the right of redemption of it within ten years by an Act of 1862; and you cannot tell what the business of the road will be in ten years, and therefore the State does not own the Tunnel. Mr. Joy says the line will pay eight or ten per cent. as soon as it is ready for business. I think I see a little of the old serpent in the proposition that the State must keep the Tunnel. It is the same studied opposition of the rival line, the Boston and Albany. I was in the legislature in 1853-4, when we passed that bill aiding this project. The influence was all fair, but they generally employed counsel to oppose it, and to say to the legislature, "This won't do—the sacrifice of all this money. We must go against this." So all along there has been a studious opposition of this project, and if it had not been for that opposition of a rival line the road would have been completed in seven years from the time the Tunnel was commenced, and the Commonwealth has lost all the advantage of this railroad from that day to the present time—about twelve years—simply for the delay interposed by a rival corporation. Now they have got their road established, and have all they want, with ten per cent., why do they any longer stand in the way? If the Commonwealth wishes to take a line, why not take the Boston and Albany? To be

sure you would have to sacrifice \$10,000,000 of premiums. But if you are to pursue the par policy with regard to these roads on the tunnel line, why could you not do so with the Boston and Albany, and then the premium would amply pay for all the debts, loans, interest, etc.? How would that aspect of the question look? I think, Mr. Chairman, that there must be but one line here, and it should be the line which has for more than a quarter of a century invested its money in it, and has been looking for this time as the time when it was to have the fruition of its hopes and a reasonable compensation for its long expenditure.

Mr. Towne gave an illustration of a man who had an ox which he wished to mate in order to work it. Mr. Joy said the experience in Jersey in the matter of the Bergen Tunnel was, that two roads found so much difficulty in running through it that one road was going to build another tunnel. So I say, Mr. Chairman, if the State has got an ox and wishes to mate it for control she will have to build another tunnel, which will be the other ox.

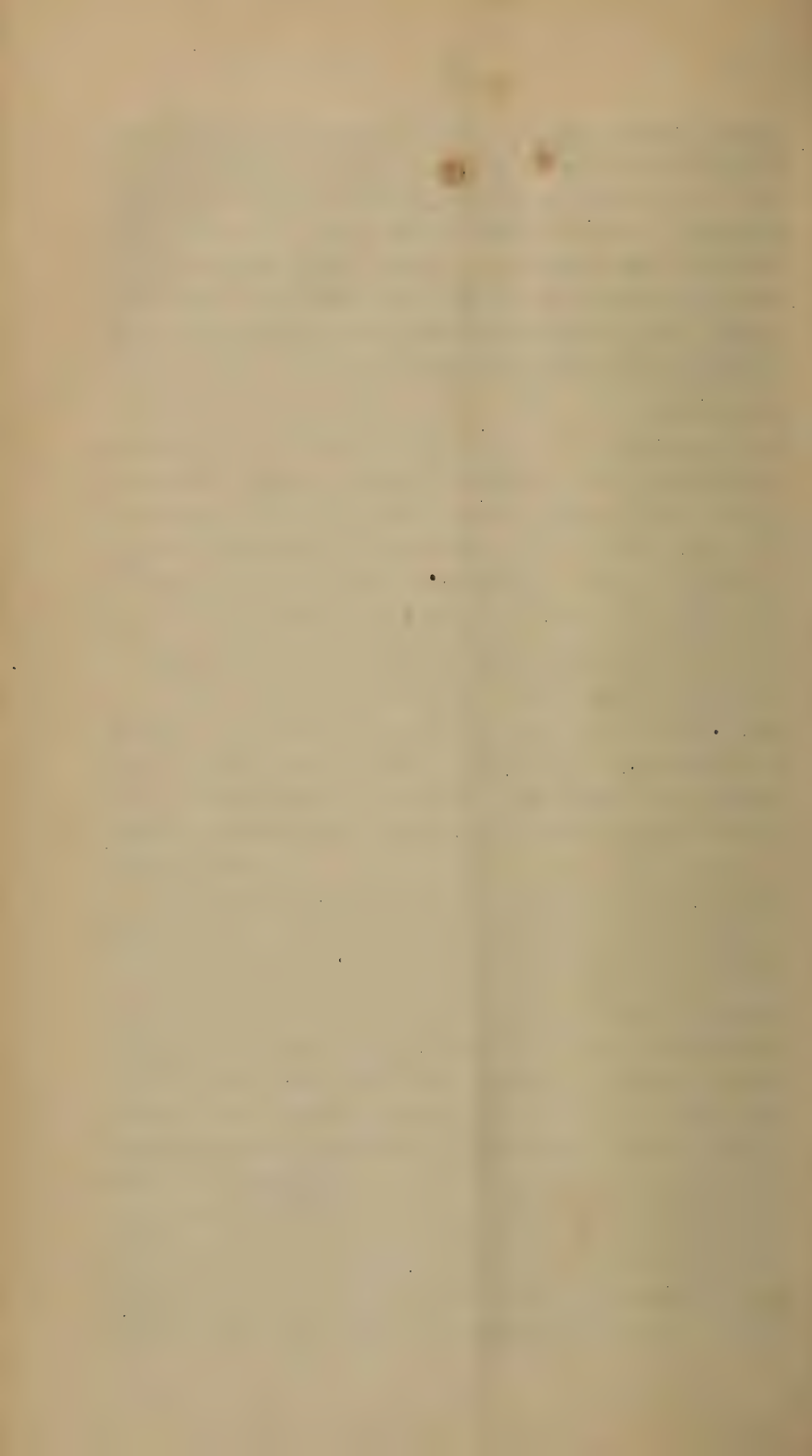
Now as regards the interest of the railroad corporations. It is said there are three or four competing lines. I said the worst about the Boston and Albany. They believed that they were to be injured by the establishment, or the encouragement by the legislature of this line. They have done all they could until now they are sure their own local business will give them success and they have every thing that belongs to them. The legislature may well reason with them, "Why are you afraid of this line? The State has favored you in every way,—why are you afraid of it?" They pretended to say that it was not feasible; but the very fact that they were so afraid of it showed that they know just as well as you know, that it was feasible, and therefore they have succeeded in preventing the completion of the line until they are perfectly secure.

Then let us come to the principles of public expediency, if the rights of the stockholders of this line are to be at all considered for the money which they have put into this enterprise. Here is the petition of the Boston and Lowell to come in as part of this line, to which I see no objection. I am

satisfied that it would be an advantage of \$1,000,000 to these two corporations, beside the saving of crossings, which it is impracticable to do without a union. Another reason for their union is that the Lowell management have come back to their original idea, and have purchased land below the bridge, and are now ready to take care of all kinds of steamers. As to the navy-yard, Mr. Derby's suggestion is correct; the disposition of it by the United States is wholly impracticable, for when they give it up it reverts to the original owners; and it is perfectly absurd to think of removing the buildings and accommodations there for the accommodation of a railroad. I see no objection, therefore, to the union of the Lowell and Fitchburg roads, because I think it will make a strong company for the operation of the tunnel line. The Fitchburg road should have its eight per cent. until business has fairly developed; so should the Vermont and Massachusetts have its income, and the Troy and Greenfield be kept separate until the union is fairly consummated and the business of the whole line developed. The Vermont and Massachusetts road has had a greater income from its local traffic than the Western line did. They made no dividend until their whole line was completed. The Vermont and Massachusetts will make five per cent. this year, and probably six per cent. next.

I wish to say one word here with reference to the Vermont stockholders. The original subscribers of the Vermont and Massachusetts road are the present stockholders. Several have died, but I notice that their stock is represented by their descendants, so that you are dealing to-day with the identical corporation in this legislation, and you are to consider that this investment has been made by them and held until the present time. Putting aside the question of cost,—the thing now asked of the legislature is the consolidation of this line under one management. The business people are crying out to you to give facilities and to expedite the matter as fast as possible. They may differ as to the means, but when they get dispossessed of this idea there is no time to be lost; the parties should be brought together and put in condition where they can agree on the ground of their own interests. I hope

you will not be diverted from the consolidation and perfection of this tunnel line by an Act which can be carried out, leaving it open to all parties in interest to make reasonable agreements for the benefits it will afford. By uniting the Lowell and the Fitchburg on proper terms, reserving the right of all parties to the line, you make the whole line stronger than it can be made in any other way, and I don't see that any public interest conflicts with it.



R E P O R T

OF THE

TENTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

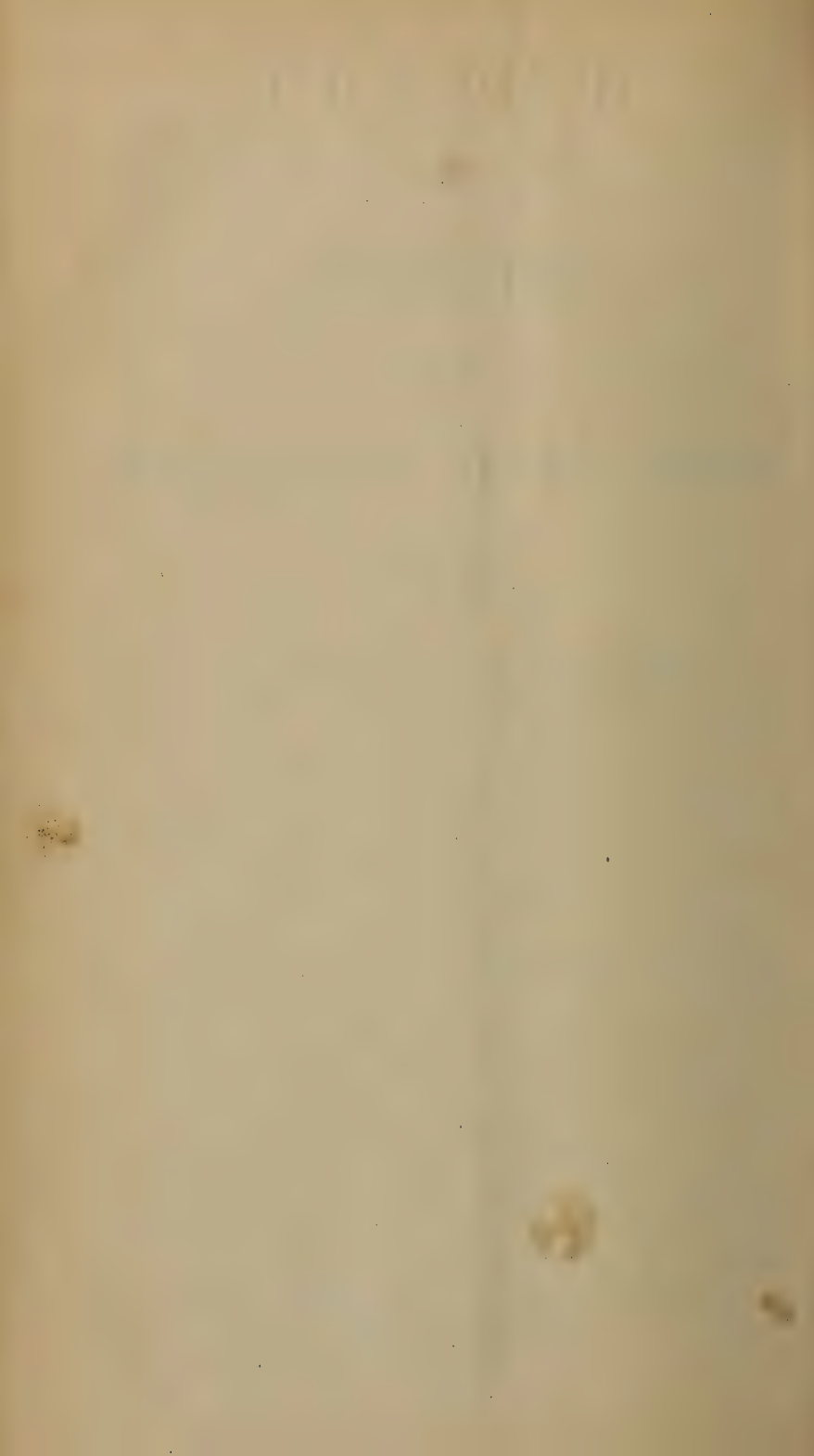
FEBRUARY 18, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.



TENTH HEARING.

The tenth hearing was opened by P. A. Chadbourne, Esq., President of Williams College, who appeared in behalf of the people in the western part of the State, to remonstrate against giving the control of the tunnel line to any corporation in any shape or manner, so that the State cannot at any time say to the roads that freights shall be uniform throughout the whole length of the line, and no discrimination shall be made in regard to towns. Without caring how it might be done they wanted the State to secure this fair rate of freight. The idea of the sale of the Tunnel struck every one with surprise and indignation, and it was his opinion that to no one could the line be confided better than to the good old State of Massachusetts, who would be able to treat people fairly, justly and honestly. He hoped the Committee would take hold of the railroad question in such a way as to secure uniformity of charges all through the State.

CLOSING ARGUMENTS.

Judge Hoar.—I wish, before we proceed to put in our evidence, to have an understanding with the Committee in a matter to which we attach some importance.

Our case stands on your docket considerably after the one which has been occupying so much of your time for the past week or two. We can readily see that it may be important to parties who presented the other matter to have some idea of what we propose here, and therefore entirely assent that they should have an opportunity to hear our opening statement, to know the nature of our case and the evidence upon it. Yet we should claim as our right that we should not be required to close our case until theirs had been disposed of. We came here, subsequently, with an independent proposition, resting very much upon merits of its own, and hope that we

shall not be required to go on and make our closing argument, and leave gentlemen in another case to answer us, which case came earlier before the Committee for their hearing. In order that there may be no misunderstanding we wish to claim that, as we have come into the middle of the other case, simply to give gentlemen of the Committee an opportunity to hear the evidence, we shall have the right to close our case after the closing of the other side.

The Chairman.—It was the opinion of the Committee that we should hear all the evidence of the case, and then the matter of arguments should be arranged afterwards.

Judge Thomas.—I suppose, Mr. Chairman, that we present a distinct petition here, and we shall, I suppose, have the right to close our own case.

Judge Hoar.—I hope so.

THE GRADE CROSSINGS.

Judge Hoar.—I propose to make a statement before we proceed further. The Committee understand, from the opening of our case, that our proposition involves the disentangling of that troublesome complication of roads at present in Somerville, that the State has had under consideration so many years, for a means to get rid of. The measure proposed will involve the exchange of station and depot accommodations between the Fitchburg and Eastern roads, and affecting in some slight degree, we think exceedingly favorably, the Boston and Maine. We wish the Committee to understand simply, before we proceed with our evidence, that I am authorized by the Boston and Maine to say, that on our general proposition of making this exchange between the Eastern and the Fitchburg roads, they do not appear to make any opposition. In the details of the arrangement of the crossing between their road and the Eastern, and possibly in some details of the partition of the territory, they may wish to be heard if they shall be so advised after merits of the question are developed. But we do not understand that there is any opposition to the general plan proposed, either from the Boston and Maine or the Eastern Railroads.

Mr. Choate.—Although I represent here another interest, in regard to this question, so far as the Boston and Maine

Railroad is concerned I propose to make this proposition to the Committee. Under the provisions of this bill as presented, the Eastern Railroad is authorized to sell its premises in Boston to the Fitchburg or Lowell or Boston and Maine Railroad. Now these premises contain twenty-nine feet of land taken from the Boston and Maine for the special and specific purpose to meet an exigency which the legislature thought then existed, to furnish a passenger station to the Eastern Railroad. Now if their purpose is changed and they are to take the Fitchburg station, the reason for taking that land has terminated, and we think we can appeal to the Committee to return that, at all events, to the Boston and Maine Railroad. The land which they purchased is land which we need, and if it is to be used for any other purpose than that for which it was taken, we would like it back again. There is one other point where we think the Boston and Maine have an interest in any change that may take place. While we are willing to admit that the partial avoidance of the grade crossings is a great public benefit—it is a pity that it cannot be carried to such an extent as to avoid them entirely—yet the manner in which it is proposed in this plan is necessarily inconvenient, and we might desire some change in the detail of the plan.

Judge Hoar.—I have only to say that, as far as the Boston and Lowell and Fitchburg roads are concerned, they have no difference whatever with the ideas of Mr. Choate. We have no doubt they ought to have back their twenty-nine feet of land taken last year, if this arrangement is carried out, and we should hope we might even spare them a little more to make it a little wider. This matter of the Somerville crossing is a matter of detail between the two roads. If they will agree upon a section of the bill, which shall carry that out in the most convenient manner for themselves, as well as avoiding the crossings (that is fundamental), we shall be very happy to have such a section inserted in our bill. We are ready to accept any arrangement of tracks and exchange of grounds between these two roads that they may devise as the fairest and best for both of them. I think now we may have eliminated the Boston and Maine from the controversy.

Mr. J. G. Russell.—I am requested to represent here the

Eastern Railroad; and the Eastern, like the Boston and Maine, takes no distinct ground upon the general question of the consolidation of the Fitchburg and Lowell roads. It has, as has been shown, a great interest in that which is incidental to that consolidation, the re-arrangement of the stations of these several roads, on Causeway Street, and the abolition of the grade-crossings for the passenger trains of these several roads. Upon that question we object to the present form of the section, which is intended to provide for the exchange of stations between the Eastern and the Fitchburg roads, not because it is not in the right direction, but because it is not of sufficient force to insure that the project will be completed. Gentlemen are familiar with the four roads entering upon Causeway Street, all of them except the Boston and Maine having their passenger stations there. At present the territory is divided so as to give ninety feet to the Fitchburg upon the extreme east; 205, with the right to take 200 more, to the Lowell, upon the extreme west. Then comes in the Boston and Maine, next the Fitchburg, and the Eastern, next the Boston and Lowell. The Eastern have at present 168 feet and the Boston and Maine 225 feet. It is obvious that if the Fitchburg passengers are to be brought into the Lowell station, then one of these roads should be thrown over to the Fitchburg station. It is obvious that by some circumstance these roads should be brought into that portion of the city without crossing. What we wish is to have a section in this bill which shall compel that to be carried out, because the great difficulty when those parties come together—all acknowledge the importance—but the great difficulty they will surely have, is in agreeing upon details and prices. It is for this reason that we ask a compulsory section, something like the law for the Union Passenger Station at Worcester. But at present it is not at all certain that, upon conference, the parties can agree as to how this territory shall be divided, or upon the method in which these crossings should be avoided. What we wish is that, if the Fitchburg is to be allowed to unite with the Lowell. and the legislature decides that that measure shall be accomplished, at the same time they shall accomplish this other great object of avoiding the crossings at grade of the passenger trains.

Judge Thomas.—Then you desire no legislation unless these two are consolidated?

Mr. Russell.—No, sir. If the Fitchburg is to go into its present station, we have no right to interfere with it.

Judge Hoar.—We entirely concur with the view taken by Mr. Russell, and there will be no objection on the part of my clients, when the details can be satisfactorily arranged, to a compulsory section, if the consolidation which we ask is carried out. That will seem to leave us as I supposed, so far as the Boston and Maine and Eastern are concerned.

Mr. Barker.—I don't know that you are aware of it—there has been no hearing appointed—but this subject of changing these stations is before the Committee on an order referred to them.

Mr. Russell.—I should consider that might well be considered with this.

GENERAL STARK'S TESTIMONY.

Judge Abbott.—Will you state to the Committee, General Stark, the condition of these two roads, and the reasons, so far as you know them, in favor of granting the petition which the Fitchburg and the Boston and Lowell roads have presented to the Commonwealth and is now being heard, as clearly as you can?

General Stark.—*Mr. Chairman and Gentlemen:* The subject has received a great deal of my attention and perhaps I am here rather as an expert than as a witness in this matter, because with my connection with the Northern line many years, I have given much attention to the wants of Boston and New England.

I will preface my remarks with a few words on the condition of Boston with regard to Western transportation. We find that Boston is connected with Portland, New York, Philadelphia and Baltimore in the matter of transportation of freight to the West, at least a thousand miles, before we arrive at the country which we wish to meet. Portland has a line to Chicago, which she controls by one corporation; New York has two lines, one extending only to Chicago, and another practically to St. Louis,—the Central, connecting with the Lake Shore, and the Erie, extending to St. Louis; at Philadelphia

they have a road extending practically to the Mississippi River under one management; and at Baltimore they have a road practically to Cincinnati and Chicago. Boston has a sort of a road made up of fragmentary members, four hundred miles to the lakes and the North. It has had in connection with that, a line of steamers, and it has had, within a few years, a connection of two hundred miles with Albany, there coming into competition with the Boston and Albany.

Some years ago—six or eight—I attempted to assist in the organization of the Northern line. We did succeed in getting the Boston and Lowell, Nashua and Lowell, Concord, Northern, Vermont Central and the Ogdensburg roads to combine themselves together by a sort of contract, so that they made a through line. Subsequently contracts were made, and they exist to-day, by which business from Rouse's Point, the Vermont Central business, is contracted to our line for a term of twenty years. From Ogdensburg to Rouse's Point is one hundred and sixteen miles, and the road is leased to the Vermont Central, and endorsed by all the companies with the exception of the Concord road. That is the first contract in our line. These same parties have purchased the stock of the Northern Transportation Company's steamers, twenty in number, running on the lakes. So our line is weakened to this extent, that one member of the line declines to assist in carrying out this contract for the lease of the Ogdensburg and the management of the steamers which are essential to make this line complete to Chicago.

The Chairman.—How long is the Concord road?

Gen. Stark.—Thirty-five miles. The Concord road has been purchased by speculative parties. The stock has been as low as 50, but has been sold at 115 for effect, when the market price was 80. The parties holding the majority of stock have stood out against any consolidation of this line, and they stand out at the present time. If you have observed the working of the New Hampshire legislature on this point, you will have seen that there is a general feeling against consolidation, because it is alleged to be in the interest of Boston and Massachusetts, without any specific interest to New Hampshire. I think they are mistaken in this matter, but we have been unable to get any endorsement or charter and

have even been refused permission to consolidate the Boston and Lowell with the Nashua and Lowell in New Hampshire, although there is only five miles of it in New Hampshire.

The next difficulty is that the Vermont Central road, of itself, is weak, financially, as is well known in Massachusetts; and it has not been able to furnish its proportion of money and cost to carry on an efficient line to the North and West. The result has been a great deal of embarrassment in managing our business, so much that we have not been able to meet the expectations of Boston merchants in carrying out our plan. The purchase of the Mystic River property was for the purpose of putting up an elevator, and for other improvements, but the Lowell road, not being able to consolidate, didn't think it safe to expend the necessary amount of money for carrying out that project at the present time.

These difficulties have led us to consider what was the next best thing. The near approach of the completion of the Tunnel has called our attention at once to development in that direction, as well as in the one we have contemplated through Concord, New Hampshire. Our attention was called to the feasibility of connecting ourselves with the Fitchburg road, as they were unwilling to join in the project now before this Committee, and for other reasons which were based on financial grounds, and I must say they seemed to strike me in the same way; they thought they could not afford to do it. They could afford to join with us, both being good dividend-paying roads, and we having much larger opportunities than they for the expansion of business and the improvement of the Tunnel, as well as what we had started at the North and West. A short time ago, some time in the fall, we had a conference in this regard, and proposed to come together and petition the legislature for the bill that is now before you, in order that between the two lines we might make one strong line, which would enable us to compete with the Boston and Albany, for we had not been able to compete successfully with the Boston and Albany, as will be seen by some statistics which I hold in my hand. We had hoped to increase our through tonnage business much more largely than our local tonnage, but such was not the result. I find that while our local tonnage has gone up from 4,000,000 tons hauled one mile to 7,000,000 tons hauled one

mile, the through tonnage has gone up only from 7,000,000 tons hauled one mile to 10,000,000 hauled the same distance, showing a much larger ratio of increase of the local than of the through business, notwithstanding our great effort to build up a through line to the West. Our elevator, the first to be built in Boston, with a capacity of 200,000 bushels, when first put up was very full indeed, but the business has greatly fallen away, although we still do considerable business in it. The number of bushels has gone down from 1870 to 1872 from 800,000 bushels to 600,000 bushels. Now, in view of this not growing weakness, but want of growth of strength, and our inability to meet the largest expectations of Boston in regard to a through line, we turned our attention in the direction of the Tunnel.

The Lowell road has, as you have seen, thirty-two acres at Mystic River, some eight or ten acres of which is outside of bridges, and upon that we propose to erect an elevator. We are now dredging the wharf to a depth of twenty-four feet at low water, to an extent that will give us room to accommodate five or seven of the largest sea-going steamers at one time. We can accommodate business to the extent of a million bushels of grain, and we contemplate the filling up of the twenty odd acres, and have commenced upon it, and have five of it already done. We have in the city of Boston ten acres, with the right to take about three acres more, which we should probably take if this plan be carried out. We have at Cambridge about thirty acres, three-fourths of which are filled and suitable for freight purposes. Some of it is let for purposes a little outside of our regular business. The Fitchburg Company have about twenty-five acres, I think, in Charlestown and Boston; very little of it in Boston, and the balance in Charlestown. The two companies together have about two hundred acres, which could be made practicable for terminal facilities, and about sixty or seventy is all ready for use. It has been testified to that so much ground was perhaps unnecessary, but in that connection you must bear in mind that the Lowell road is making connection with about a thousand miles of road for which they have furnished terminal facilities, making with the local road of the Fitchburg from 1,500 to

2,000 miles of local road, besides all the through business that will come from the West.

Now in order to do business from the West as much as is expected to be done, and as is hoped will be done, in my judgment you want a road not only from here to the state line—which is only about one-sixth of the distance to Chicago—but you want to control a road so long as it may be reasonable, clear from Chicago, in order to enable us to compete with New York, Philadelphia or Baltimore. I notice that the Baltimore and Ohio Railroad Company in their last report, reported in their profit and loss account \$500,000, which was expended in running steamers to Europe. Notwithstanding that loss they have made money and large dividends upon their stock. It is only a large road—such a road as this would be, extending at least to Niagara Falls—that could make such arrangements as would give them the full benefit of the export trade.

Now if you content yourselves with a road to the state line you certainly cannot do it; if you content yourselves by waiting for the Northern line to get over its difficulties in New Hampshire and Vermont for this transportation from the lakes and the West; if you depend upon that weak line on the one hand, or if you depend upon that weak line that the tunnel line must be, in my judgment, if the plan of the Vermont and Massachusetts is carried out to-day, unless the State takes it,—and against that I have nothing to say; if the State chooses to put its hands in its pockets and spend its millions for that purpose—unless that is done you will have weak roads—a weak road through Vermont and a weak road through the Tunnel, to compete with the Boston and Albany. Upon that ground I have advised the road with which I am connected to coalesce with the Fitchburg road, and so give the strong facilities we have for the purpose of creating this strong line to the West, and for developing the through business of the Tunnel or of the Northern line. Because, in my judgment, although we are represented as having a separate and independent line, it is a necessity to put them together, not to make them live, perhaps, but in order to make them give to the people of Massachusetts what they need.

The plan presented here in our opening was that the Lowell and Fitchburg should first so unite, that they should enter into an arrangement with the Vermont and Massachusetts and Troy and Boston, if it is desirable that they shall constitute a part of the line. The method which I would suggest for carrying this out would be to unite first these two roads, and they should then take the Vermont and Massachusetts road in with them at a fair price, and also the Troy and Boston in the same manner, if you please, and then they should treat with the State for the control of the Troy and Greenfield road and the Tunnel, with such regulations in regard to running and giving equal facilities to all other roads coming there, as the State of Massachusetts might prescribe. I see no difficulty in operating that road in that way. Three years ago I paid considerable attention to the operation of a road in London, which was nine miles of it under ground. I spent a great time upon it and satisfied myself as to the feasibility of their plan. They were running 108 passenger trains each way. The portion of road under ground is quite as bad to be operated as the Hoosac Tunnel. The trains were run at a speed of twenty-five miles per hour between stations, which are a quarter of a mile apart. The system adopted was that of a constant use of telegraphy, with expert men at every station. No train could pass one station until it had heard from the next station that the last train had passed that point; so that the trains were inevitably kept a certain distance apart. Now, with such a system put into the Tunnel, I see no difficulty in operating this part of the State in this same manner, either with the engines of the contracting road hauling all the freight or the engines of the contracting roads using their own engines, subject to the police management of the through line.

Mr. Chairman.—Did the road you speak of have more than two tracks?

Gen. Stark.—No, sir; it is the Metropolitan road in London. It is not all under ground, but it is very largely arched over. It can only be run in the manner in which I have stated. I see no difficulty in running the Tunnel in the same way.

The next subject to which our attention has been given is the avoiding of the crossings on the north side of the city.

It is not necessary for me to enlarge upon that, because it has been before the legislature several times, and you have reported that large sums of money ought to be spent for that purpose. Now, if the Fitchburg and Lowell are consolidated—I don't think it is practicable without—these can be provided for, in the manner provided here or the manner provided by Mr. Choate, with a very small outlay. You have 180 trains per day here, crossing each other in one way and another, and this can all be avoided by this arrangement. If the consolidation takes place I see no difficulty in carrying out the plan; but there would be great difficulties in compelling the Fitchburg, being a rival line with the Lowell, to come into a depot and do business alongside of it, if there is no arrangement. If we are to do business as one road, I see no difficulty in our doing it in the same station.

The general benefits, as they occur to me, of this arrangement are, that they can be put at once into practical operation and be made at once effective. We can have our elevator up the coming season, and we can have, until the Tunnel is completed, such a strong combination to the North, Ogdensburg and Montreal as would insure that competition which Boston wants to-day, and which they have, I fear, too much hope of our ability to achieve, unless we are strengthened in some other manner. On the other hand, if the other projects are adopted it seems to me that a great deal of time would be taken in carrying them out, and I don't see how they are to obtain the terminal facilities of the Lowell and Fitchburg. I know the remaining land of Mystic River has been suggested, but if you look at it you will see that their dockage, outside the bridge, is built on segments of one hundred and fifty feet, and the difficulties of getting from the Fitchburg road to it would involve a very large expenditure of money. The difficulties we have encountered ourselves have been formidable, but they are nothing in comparison with what they would come in contact on their line, considering the prices of real estate then and now. A considerable portion of our real estate was given to us, and still the getting there has cost a great deal more than we contemplate expending.

With regard to state management I have only to say this, that I believe that a false impression has been given out, that

railroad managers have been inclined to do as little business as possible.

I know the line I operate to-day has been taking an opposite course, and we have endeavored to make prices as low as possible and save our dividends. We have made our dividends two per cent. less than the law permits us to do,—we have earned ten per cent. and paid but eight per cent., and we are doing that now. The Fitchburg pays that. Whether the State can devise a way to do business cheaper than individuals, is for you to consider. I don't know any other course to pursue than to employ such brains as we find trained for the purpose, and get the most out of them we can. If the State has any better way than that of getting prices down, I fail to see it.

Judge Abbott.—I want to ask you what would be the gain, if any, in the cost of the management of these two roads consolidated, from running them separately? Whether you have had any experience in that direction?

Gen. Stark.—The consolidation by contract of the Nashua and Lowell, and the Lowell road, by which the roads are worked together, made an actual saving of thirty-three per cent.; that is the only absolute experience I have had. I have observed in other roads a very large percentage, but never so large as in that one instance. I notice that in foreign countries they can save ten per cent. on their gross income. In the consolidated roads in England they have saved the roads from bankruptcy, and the consolidations in Belgium have resulted in the same manner. The roads in England, on which the ten per cent. is saved, are the Irish roads.

Judge Abbott.—Speaking of the difficulties that arose in organizing the Northern line from the weakness of the Vermont Central road; really all the power of the road was founded on the debts it owed and not on their capital?

Gen. Stark.—It was the great want of elasticity. Having no powers of expansion like other roads they could not expand as others do.

Judge Abbott.—They did in fact make a pretty good road of it, with all their difficulties, did they not?

Gen. Stark.—I believe they have a good line.

Judge Abbott.—But they have no capital, and really it is organized upon its debts?

Gen. Stark.—In regard to these savings of joint operation they should inure to the public. If a road is enabled to save expenses that saving should go directly into the pockets of the people.

Judge Abbott.—Can you give us the number of cars and locomotives now on hand with the Boston and Lowell and Fitchburg roads?

Gen. Stark.—At the present time there are 100 locomotives, 2,000 or 2,500 freight cars, and passenger and baggage cars about 150 each.

Judge Abbott.—Whether these cars, combined under one management, could be run very much more economically than under a separate management?

Gen. Stark.—They could, very much more. We find the average running of our locomotives is about sixty miles—I see that is the exact average on our Massachusetts roads—showing that they are very short roads. We are not running our freight equipment to very great advantage to-day. If our road were three times the length that it is, we should make a very large saving in that item alone.

Judge Abbott.—What is the full duty of an engine?

Gen. Stark.—From 100 to 150 miles. Many roads in the West run their engines 200 miles in a day.

Judge Abbott.—The amount saved by consolidation,—whether practically by the working of your trains in Massachusetts, where I believe there is no watered stock,—whether the public would not get the benefit of it either by reduction of charges or by increased accommodations?

Gen. Stark.—I can only say that so far as the line with which I have been connected, that has been our rule. I don't know what rule other roads have adopted. We have constantly increased our accommodations as our ability to do business increased.

Judge Abbott.—You have cut down charges also, I believe?

Gen. Stark.—Yes, sir.

Judge Abbott.—What would be necessary, in your judgment, in organizing a line through the Tunnel, to be done

with the Vermont and Massachusetts in case you had a union with the Fitchburg? What would be necessary in order to organize a line to the West?

Gen. Stark.—I am not very familiar with the Vermont and Massachusetts road. I should say it could do a fair business in its present condition, but to make it a first-class road you would need a very large outlay. It ought to have a double track.

Judge Abbott.—In order to organize such a road as you would desire to organize, would one of the elements be a double track?

Gen. Stark.—I should say so.

Judge Abbott.—How about the matter of cars, etc.?

Gen. Stark.—I should have to rely upon Mr. Stearns. I have seen his figures; they are quite large, sir, for the necessary improvements.

Judge Abbott.—Some also for additional improvements?

Gen. Stark.—Yes, sir.

Judge Abbott.—Have you any doubt, General Stark, that if a union takes place between the Lowell and the Fitchburg, that without any trouble they can furnish an efficient road for doing all the business that will come through the Tunnel?

Gen. Stark.—There is not the slightest doubt about it. I think the two corporations, with the capital they have, can create an equipment without any strain upon them.

Judge Hoar.—I would like to ask you on another point of this subject. Aside from anything which has to do with the consolidation of the tunnel route, take the roads as they are with their present relations, whether, in your judgment it would be for the public interest that they should be consolidated and run together, in reference to their own present relation and the power which they would get to accommodate all the interests that now are connected with them.

Gen. Stark.—I think it would be for the interest of the Commonwealth, as well as for these roads, that should be put together. The competition between them is of no benefit to the public, but I think the parties would be benefited by consolidating the lines.

Judge Hoar.—Then sir, what importance do you attach to

settling once and for all these Prison Point and Somerville crossings?

Gen. Stark.—There have been reports made recommending as high as \$6,000,000 for the avoidance of these crossings. I should not think it was a thing to be estimated in money. It is a question of safety to the public.

Judge Hoar.—And the same consideration of economy I suppose, would apply to these two lines, whether they are to take any great additional business or not?

Gen. Stark.—I think great savings could be made before that goes any further.

Judge Hoar.—Supposing them put together it would be for the interest of the public to have the two kept together; that is to say, there would be nothing against public interest if the Fitchburg road should be run as a branch to the Lowell, and the Lowell as a branch to the Fitchburg?

Gen. Stark.—Not at all.

Judge Abbott.—In this connection, General, I believe the Fitchburg and Lowell crossed at grade for many years?

Gen. Stark.—They did, about 1856.

Judge Abbott.—About what proportion did the Lowell road pay for changing that?

Gen. Stark.—That was before my connection with the road.

Judge Abbott.—I think it was about \$100,000. It also brought upon the road a grade of about twenty-six feet instead of ten feet, which is the highest grade on the road.

Mr. Choate.—Will you please state to the Committee of what your Northern line consists?

Gen. Stark.—As constituted now it consists of the Boston and Lowell and Lowell and Nashua roads, 39 miles; the Concord, 34 miles; the Northern, 69 miles; the Vermont Central, 142 miles; the Ogdensburg, 116 miles; total, 406 miles.

Mr. Choate.—They are now consolidated for through business?

Gen. Stark.—They are working under such contracts as I stated to the Committee. The Vermont Central makes a contract with the roads to this State, and it leases the Ogdens-

burg and a portion of the road this side joining them. All the roads join in the lease except the Concord.

Mr. Choate.—How do they join in it?

Gen. Stark.—By guaranteeing that the rent shall be paid on that lease to the extent of business. They guarantee on the business that comes from the Ogdensburg road. They also join in the management of the Ogdensburg. Substantially it is a lease of the line with the exception of the Concord road.

The Chairman.—That is the New Hampshire tunnel?

Gen. Stark.—Yes, sir; it is about thirty-five miles long. [Laughter.]

The Chairman.—What is the condition of the other parties of this line with the exception of the Vermont Central?

Gen. Stark.—The others are all dividend-paying roads.

Mr. Choate.—Substantially out of debt?

Gen. Stark.—Yes, substantially out of debt, if you call the Lowell out of debt.

Mr. Choate.—How is the rent paid to the Ogdensburg road.

Gen. Stark.—It is paid at the office of the Lowell Railroad monthly; it is reserved out of the earnings of the line.

Mr. Choate.—What is the amount of rent paid?

Gen. Stark.—\$32,000 per month at the present time.

Mr. Choate.—In regard to the connection between Ogdensburg and the West, what have you there?

Gen. Stark.—We have there twenty-one steamers,—small boats that can run through the Welland Canal. They are of four or five hundred tons burden.

Mr. Choate.—How is the property held?

Gen. Stark.—By the line, with the exception of the Concord road.

Mr. Choate.—Will you state, General, to the Committee, what contract has been made?

Gen. Stark.—The contract made for these boats is this: that the Vermont Central road, Northern, Boston, Lowell and Nashua roads hold a majority of the stock of that company. The Ogdensburg road issued \$600,000 bonds and the Boat Company \$400,000, which the line guaranteed by a sinking

fund, and pays the interest upon for the sake of carrying on its boats.

Mr. Choate.—In this contract all parties except the Concord and the Ogdensburg join?

Gen. Stark.—The Ogdensburg is not a direct party to that contract.

Mr. Choate.—Is that contract weakened in any way because the Concord does not join?

Gen. Stark.—The other parties are paying the proportion of the Concord road. The contract is weakened to that extent that we have been in great doubt three times within six months, whether the rent would be paid.

Mr. Choate.—For what reason?

Gen. Stark.—Because the funds were not in our hands. The absorption of the money by the Vermont Central, and the trustee processes, have come very near swamping the whole thing three times.

Mr. Choate.—It has been trusted in the hands of the Boston and Lowell Railroad.

Gen. Stark.—Yes, sir.

Mr. Choate.—How long has this contract to run?

Gen. Stark.—Eighteen years.

Mr. Choate.—Has there been any difficulty in doing business over the line, so far as there is business to do? Has there been any practical difficulty?

Gen. Stark.—Yes, there has been a great deal of difficulty in putting freight over the line; in the grain seasons, all the time. We have found it difficult with our equipment to get business over it as fast as it ought to be taken away.

Mr. Choate.—Is the difficulty any greater than on other lines?

Gen. Stark.—Perhaps not.

Mr. Choate.—This line has had some effect in reducing rates of freight, has it not?

Gen. Stark.—A very great effect.

Mr. Choate.—Has it fixed its rates in combination with other lines?

Gen. Stark.—Sometimes it has done so to a certain extent, but generally it has not.

Mr. Choate.—Besides this line, what other connection have you?

Gen. Stark.—We have no other. There is the Grand Junction road through Montreal and Prescott.

Mr. Choate.—By your connection you have control of a line to the West? It is entirely under your control? You are the manager? You can fix rates from Boston to Chicago without consulting any other person?

Gen. Stark.—I have done so.

Mr. Choate.—When did you make application in New Hampshire to consolidate the Boston and Lowell and the Lowell and Nashua roads?

Gen. Stark.—Two years ago. It was the year following the Consolidation Act here.

Mr. Choate.—What was the application?

Gen. Stark.—The application was to unite the Boston and Lowell and the Nashua and Lowell roads.

Mr. Choate.—Was it not to unite them under the terms of the Great Northern Railroad Act?

Gen. Stark.—Yes, sir. It referred to the Act. They refused us a hearing upon it. It was read the first time in the House and never referred to the committee.

Mr. Choate.—What would be the cost of an elevator?

Gen. Stark.—From fifty to seventy-five cents per bushel, according to the size and the materials. An elevator to hold a million bushels would cost \$500,000 or \$700,000, if made in the very best manner, of iron or brick. Cheaper ones can be built; I think at the West they build them for thirty or forty cents per bushel.

Mr. Choate.—Will you state at what points you are in competition with the Fitchburg road?

Gen. Stark.—We are in competition with all its side branches. We compete with the Lexington Branch, and they are connecting with Nashua from Acton.

Mr. Choate.—Is there any point on the Nashua road, between Nashua and Boston, where they can connect?

Gen. Stark.—Not between Nashua and Boston. Yes, they can combine with the Framingham and Lowell road.

Mr. Choate.—But this comes in over your road, does it not? At what point can you compete with them?

Gen. Stark.—We are about building into Old Concord.

Mr. Choate.—Are these the only points of competition on the main roads? They can compete with you at Nashua and you can compete with them at Concord?

Gen. Stark.—We can compete with them at Groton Junction.

The Chairman.—What is the distance around by Groton Junction?

Gen. Stark.—It is about six miles further.

Mr. Choate.—In the extension of these roads, at what points do the Fitchburg and Lowell come into competition?

Gen. Stark.—We are building a road from Wilton to Lyndborough and they have a branch from Ayer to Mason. We compete at these points. We also contemplate an extension of our road to Keene, and we should compete with them there and they will compete with us at Peterborough.

Mr. Choate.—Substantially there are two lines to Burlington?

Gen. Stark.—There are two lines there under our control, the Rutland road being in the hands of the Vermont Central.

Mr. Choate.—The connection of the Fitchburg road with the Cheshire is to some extent a competing line?

Gen. Stark.—To some extent. Not so much so as when the Rutland was in the hands of the Central.

Mr. Choate.—How many roads does the Great Northern line control?

Gen. Stark.—I think about a dozen of them. I think it originally comprised eight hundred or nine hundred miles.

Mr. Choate.—How much is that increased by this plan of consolidation?

Gen. Stark.—It would increase it about five hundred miles, making it about one thousand four hundred miles.

Mr. Choate.—What would be the requisite capital to carry out your plan with the original charter of the Great Northern Railroad Company?

Gen. Stark.—The amount originally estimated was fifty thousand dollars.

Mr. Choate.—You understand that the bill may take in all the companies on the direct line to Troy?

Gen. Stark.—It adds to that the Cheshire Railroad in New

Hampshire, the Rutland road in Vermont and the Vermont Valley road.

Judge Thomas.—I believe it does not take in the Troy and Greenfield?

Gen. Stark.—No, sir; that is considered a part of the state property.

Mr. Bates.—What is the number of branches of your road? Your own road is twenty-six and three-fourths miles long.

Gen. Stark. We have the Lexington branch, eight miles; the Woburn branch, two miles; the Stoneham branch, three miles; the Lowell and Lawrence, thirteen miles; the Lowell and Salem, sixteen miles; the Stony Brook branch, thirteen miles; the Wilton branch, fifteen miles; that is all the branches we have.

Mr. Bates.—All in Massachusetts?

Gen. Stark.—We have nothing outside.

Mr. Bates.—On this through line what is the arrangement with regard to cars? I understand you have cars starting from Chicago and running through?

Gen. Stark.—They are the changeable-gauge cars, and are owned by the National Car Company. It is a private corporation formed under the laws of Vermont.

Mr. Bates.—It is not a corporation composed of the other corporations?

Gen. Stark.—No, sir.

Mr. Bates.—How is it with reference to the Ogdensburg car service?

Gen. Stark.—The Ogdensburg car service may be made up of all the parties of the line if they choose to put on the cars.

Mr. Bates.—As a matter of fact, who own the cars?

Gen. Stark.—As a matter of fact they are owned very largely by the Vermont Central road.

Mr. Bates.—How many cars are there in that particular service from Ogdensburg to Boston?

Gen. Stark.—Probably not exceeding one thousand cars.

Mr. Bates.—How many of these does the Lowell road own?

Gen. Stark.—I don't think they have got any on the line at the present time.

Mr. Bates.—What is the number of the Lowell freight cars?

Gen. Stark.—About one thousand four hundred.

Mr. Bates.—How many of these are short cars and how many long.

Gen. Stark. On the first of October, 1872, there were one hundred and thirteen long box-cars, one hundred and thirty-three long flat-cars, three hundred and seventy-one short box-cars, and two hundred and ninety-eight short flat-cars, and four hundred and forty-seven dump-cars, making a total of one thousand three hundred and sixty-two cars.

Mr. Bates.—What is the number of your locomotives?

Gen. Stark.—At the present time we have fifty-five or fifty-six.

Mr. Bates.—How many of the cars on the line come from Chicago through to Boston?

Gen. Stark.—I could not say how many of these through cars there are on the line. My impression is that there are only about five or six hundred at the present time.

Mr. Bates.—What arrangement have you with the Massachusetts Central?

Gen. Stark. We have to furnish them with depot accommodations and terminal facilities in Boston, and we are laying a third track for their use from Boston to Somerville.

Mr. Bates.—Is the contract in writing?

Gen. Stark.—It is.

Mr. Bates.—Will you let us see it?

Gen. Stark.—I have no objections.

Mr. Bates.—Have you any contract with the Fitchburg with reference to this matter?

Gen. Stark.—None whatever; there is simply a verbal understanding.

Mr. Bates.—Well, has the verbal understanding gone so far as to fix the terms upon which you are to unite?

Gen. Stark.—Yes, sir.

Mr. Bates.—Will you tell us what those terms are?

Gen. Stark.—I would as soon that you should know them as not. There is no agreement, the officers have agreed to recommend.

Mr. Bates.—We would like to have you state.

Gen. Stark.—Simply this, sir. The proposition made between the officers of the two companies is that the two prop-

erties shall be appraised, and the new stock shall be issued in the proportion of the appraisal of the two companies ; that is all.

Judge Thomas.—What is the amount of the capital of the Boston and Lowell to-day ?

Gen. Stark.—It is about \$3,000,000. The capital and debt together are something over \$5,000,000.

Judge Thomas.—Is your debt not over \$2,000,000 ?

Gen. Stark.—No, sir ; if it were reduced down, as it soon will be, by the payment of a portion of the sinking fund, the debt would really be about \$1,800,000 at the present time.

Judge Thomas.—What is the comparative business of your road as compared with the Fitchburg,—as to the number of passengers and tons of freight ; how has it been within the last few years ?

Gen. Stark.—The Fitchburg road being fifty miles long, and ours only half that, they have earned about the same money and done about the same business.

Judge Thomas.—About these terminal facilities : were they procured with reference to consolidation with another line ?

Gen. Stark.—Partially for this, and partially for our own business.

Judge Thomas.—Would you have procured them without the hope or expectation of making the Northern line pay for them ?

Gen. Stark.—I think not, sir. I don't think I should have had the hardihood to have recommended such a large expenditure.

Judge Thomas.—How large a proportion was made within reference to this consolidation of the Northern line ?

Gen. Stark.—The Mystic property was purchased entirely for that. The original price was \$300,000. The land in Boston will run up to \$1,000,000. The passenger station in Boston was made partially with reference to the Northern line.

Judge Thomas.—How much of that expenditure was made with reference to the Northern line ?

Gen. Stark.—Of course it is impossible to estimate ; perhaps we should not have expended so much money by a third or a half for our own business.

Judge Thomas.—How was this expenditure with reference to the time of your application for consolidation in New Hampshire; did you buy it before you applied to the legislature of New Hampshire or afterward?

Gen. Stark.—I think about the same time.

Judge Thomas.—Predicated upon carrying this thing through?

Gen. Stark.—Yes, sir; that was one of the things that gave us courage to do it.

Judge Thomas.—Your proposition, if I understand it, does not include any interest in the Troy and Greenfield or the Tunnel?

Gen. Stark.—I think the bill does not refer to it at all.

Judge Thomas.—It excludes it, don't it?

Gen. Stark.—It was not intended to exclude it. The bill was not intended to include the state property, because it was supposed that we should have to negotiate for it.

Judge Thomas.—Was it intended to include it in any event?

Gen. Stark.—Yes, sir; it was intended to give the power then to make the arrangement with the State in taking the state property.

Judge Thomas.—When you made the arrangement for this power to take these roads at any time within ten years, you were looking to an arrangement for the use of the Tunnel?

Gen. Stark.—I think that is in the original bill.

Judge Thomas.—But you have ten years to take the rest of this line of roads, with the exception of the Tunnel?

Gen. Stark.—Yes, sir; that was the idea.

Judge Thomas.—The original bill gave you ten years from 1869, and this will give you the right for ten years from 1873?

Gen. Stark.—Yes, sir.

Judge Thomas.—What is your plan with relation to the Troy and Greenfield.

Gen. Stark.—My plan would be to make such a trade with the State as would put the Troy and Greenfield in working order and allow us to operate it for the State.

Judge Thomas.—Your idea is, that if you combine your roads, that the Commonwealth may combine its Tunnel and the Troy and Greenfield road with your line and there will be no practical difficulty?

Gen. Stark.—I think it would be better for the Commonwealth to have somebody run it for them under their control and direction.

Judge Thomas.—Do you mean to say to the Committee that there would be no practical difficulty in treating the Troy and Greenfield with the Tunnel as a distinct part of the line, if the remainder were consolidated, and having the Troy and Greenfield and the Tunnel under one management, and the rest of the line under another?

Gen. Stark.—Precisely, sir. I see no reason why the State might not retain it, but I should say that they should put the police of it, or the management of it, in the hands of the line.

Judge Thomas.—What would you do with regard to tolls?

Gen. Stark.—I think the State would have to make its arrangements with regard to tolls beforehand. It should make a maximum price.

Judge Thomas.—So that practically you would put the whole road under the consolidated line, with simply the power in the consolidated line to collect the tolls for the Commonwealth.

Gen. Stark.—I think the consolidated line would operate it more efficiently than if it were run under two controlling powers.

Judge Thomas.—Do you mean to say that the Commonwealth is to say that the tolls shall be fixed at a given standard,—so much for a ton of freight and so much for a passenger, without any power to modify or change it as business shall require?

Gen. Stark.—The Commonwealth may say that the price per ton shall not exceed so much per mile, and the price per passenger so much per mile. They might put in another clause that when the total tonnage or number of passengers reached a certain point the price should be reduced to a certain amount.

Judge Thomas.—How is the Commonwealth to get its income for the Tunnel by simply fixing a condition that it shall not exceed a certain price? What sort of protection would there be to the Commonwealth's interest, to say that

the toll on that line should not exceed twenty-five cents per ton or five cents per passenger?

Gen. Stark.—There would be a protection to the people using the road.

Judge Thomas.—There would be no protection to the treasury of the Commonwealth.

Judge Thomas.—The Commonwealth in any form retaining the power to regulate the tolls of the consolidated line, I want to know if these two parties could work together?

Gen. Stark.—I think it could be worked to the advantage of both parties.

Judge Thomas.—What element of consolidation is there in a line with the power for the Commonwealth to regulate the tolls?

Gen. Stark.—It is the element of unity of operation, so far as the State controls.

Judge Thomas.—Does the element of unity consist in regulating tariffs?

Gen. Stark.—That is one important point. I don't think there would be any difficulty in arranging that practically.

Mr. Bacon.—In speaking of the difficulties that at present exist with the Northern line, you say, as I understand it, that the trustee processes served upon the earnings of the Vermont Central have come very near breaking up this whole union. Was there ever any money paid upon these processes?

Gen. Stark.—Yes, sir.

Mr. Bacon.—Well, is not the money received by the party in charge as a trust fund?

Gen. Stark.—We have never decided that point yet.

Judge Hoar.—About these contracts which you say you have made with the connecting roads above, and which have eighteen years to run—has there ever been any legislative sanction of these contracts?

Gen. Stark.—No, sir.

Judge Hoar.—Well, then, I suppose the extent of their obligation is a matter to be considered?

Gen. Stark.—Whether the contracts can be maintained is a matter to be considered.

Judge Hoar.—You have never received from New Hampshire any authority to make these arrangements to combine?

Gen. Stark.—No, sir.

Judge Thomas.—As between the Boston and Lowell and the Fitchburg there is some competition; in what way has that competition been prejudicial to the business interest of Boston?

Gen. Stark.—I don't think it has affected Boston materially. It has affected immediately simply the travel along the road. It has affected us to some extent in the through travel.

Judge Thomas.—What injury have you done the people who have used the road either for travel or business?

Gen. Stark.—The injury has perhaps not amounted to anything practical.

Mr. Choate.—Will you state how you intend, under the consolidation, to run this Northern and the tunnel line together? Would you give one of them up?

Gen. Stark.—No, sir, I should not propose to give either of them up. I think the tunnel line would necessarily take the bulk of the direct traffic with the West, because it is a shorter line. The Northern line will receive the continually increasing business of the Canada roads.

Mr. Choate.—The Northern line,—a portion of its business is direct Western business?

Gen. Stark.—Yes, sir; a portion of it.

Mr. Choate.—That is the business contemplated for it, is it not?

Gen. Stark.—Yes, sir.

Mr. Choate.—By your contract the Lowell road have done all in their power to promote the efficiency of the Northern line, have they not?

Gen. Stark.—Yes, sir.

Mr. Choate.—In relation to this Western business it is in direct competition with the tunnel line?

Gen. Stark.—It might be.

Mr. Choate.—Will you state how you propose to keep your contract to do all in your power to promote the efficiency of the Northern line when you are consolidated with the Tunnel?

Gen. Stark.—I see no difficulty. If new lines are con-

structed that will take the business of the Northern roads, I don't think we are bound to go with them if we could do any better.

Mr. Choate.—Do you think you have the right under your contract to go on and help form one of these new lines?

Gen. Stark.—I do.

Mr. Choate.—If the Committee please, I would like to put in this contract. [The contract was read.]

Judge Hoar.—Did you ever have any professional opinion as to whether you had any right to make any such agreement?

Gen. Stark.—I have avoided that subject. I will relate a little anecdote in reference to the contract. With a view to carrying out this business, the company went into the purchase of steamers. We had to borrow \$1,000,000,—\$600,000 of it from the Ogdensburg Company. The Northern road, which Mr. Choate represents, after we had borrowed the \$600,000 and had commenced putting it out, the Northern road went back on us in that contract, and would not sign this new one, until we made them concessions not in writing.

Mr. Choate.—That concession was that our terminal rates should be reduced to the Northern road in consideration of their signing this additional contract. For what cause?

Gen. Stark.—For the cause of low-priced freight. The very freight that is sought to be obtained by this line.

Mr. Choate.—It was insisted that there should be a change in the other contract before that contract was signed?

Gen. Stark.—Yes, sir. I think it is pretty evident that we have a right to go outside this contract.

Mr. Choate.—I would like to state the fact about this matter. The Lowell road had thirty cents for terminal charges, and the Vermont Central had the same. Then there was the rate of the Car Company, and really the rates were so much that the president of the Car Company and the president of the Lowell road occasionally took freight so low that the Northern road didn't get any portion of it, but they did pay money. Not only they hauled the freight over the road for nothing, but they had to pay money toward the terminal charges of the Vermont Central and the Boston and Lowell, and the charges of the Car Company. It came up in this

way. They proposed to us to join with them in putting on these steamers. We were willing to do business on the smallest possible profit, but we did think we should not take any steps to increase our business by a line by which we were to pay a portion of these terminal charges, besides doing work for nothing. We therefore did make the conditions before we would go into this purchase of steamers, we would come to an understanding about. So we agreed upon ten cents for seventy miles, and when we were paid below that, then the terminal charges were to be suspended.

Mr. Bates.—The legislature cannot amend the charter of the Boston and Lowell road now, without the consent of the road. You have no objections to having it come under the provisions of the general law in case of a consolidation?

Gen. Stark.—No, sir.

The Chairman.—How much does that charter cover?

Gen. Stark.—It includes the Boston and Lowell road, twenty-six miles.

The Chairman.—You have spoken of the terminal facilities of the Lowell road. Have you anticipated beyond the wants of present business?

Gen. Stark.—We have, somewhat.

The Chairman.—To what extent.

Gen. Stark.—To the extent that we should not go on making improvements upon that property, if we didn't expect more through business than we have now. We should rent it. I should say we could get along without forty or fifty acres of it.

The Chairman.—If you carried out your plan of the Northern consolidation,—these terminal facilities were bought in anticipation of that business were they not?

Gen. Stark.—Yes, sir; but they were not all wanted for that. We have also large terminal facilities at Salem—some nine acres—where we do large coal business.

The Chairman.—Your passenger station that you are now building was in anticipation of increased business?

Gen. Stark.—Yes, sir.

The Chairman.—What is your idea of a first-class road fit for the uses of the tunnel route?

Gen. Stark.—It should have a double track.

The Chairman.—Steel rails?

Gen. Stark.—Steel rails are perhaps necessary for a very large amount of business. For the amount of business we do between Boston and Lowell, I have not considered that a steel rail was particularly advantageous, although I am putting down some. We have been successful in getting a very good quality of iron, and we make our rails between Boston and Lowell last ten years. While we can do that and then sell the iron for half price, I think it is better economy than to use steel. As our traffic increases I have no doubt we shall have to use steel.

The Chairman.—Have you made an estimate of what the expense would be if you were to provide a first-class road through the Tunnel in case the Lowell and Fitchburg roads are united?

Gen. Stark.—I have not made any estimate of it; Mr. Stearns has some estimates.

The Chairman.—What is your general impression with regard to the business of the West when it is completed?

Gen. Stark.—My impression is that it is a matter of growth.

The Chairman.—Is it not true that there is great complaint for want of transportation from the West?

Gen. Stark.—There is some complaint, but it is confined to a few months in the year.

The Chairman.—Is it not a fact that they are burning corn for fuel in the West?

Gen. Stark.—I don't know of any corn being burned that is within reach of our agents.

The Chairman.—Don't you know that corn is being burned within sixty miles of Chicago?

Gen Stark.—No, sir, I do not.

The Chairman.—It is a fact; I know it from personal observation.

Mr. Bates.—It was represented when you got your right to build this depot, that you then expected there would be business enough on your Northern line to make valuable all that you have. You didn't have any idea about the Tunnel at the time.

Gen. Stark.—No, sir; we had then only the idea that the

Eastern would come in there with us at the time. We didn't think of bringing the Tunnel in.

Judge Thomas.—I observe there are thirty-five corporations that you claim power to unite with. Is there an arrangement with any one of your thirty-five by which you can make a connection?

Gen. Stark.—There is no connection outside of those operating with the Boston and Lowell.

Judge Thomas.—That is there is no validity, at law.

Judge Abbott.—The sums that the Lowell road pay to the Northern Transportation Company depend somewhat upon the amount of business received from this source.

Gen. Stark.—The Lowell road takes its *pro rata* proportion, provided it gets business enough to amount to it. So that they don't pay anything absolutely unless they get it out of the business from this source.

Judge Abbott.—In reference to these trustee processes. Your claim was, as indicated by the Committee, that the money was to be held in trust. The claim of the other side was right to the contrary.

Gen. Stark.—Yes; it was compromised, and the question was never brought to an issue.

Mr. Bates.—Will you state to the Committee what the cost per ton per mile is on this line to Ogdensburg from Boston? What the consolidated company carry a ton of freight for?

Gen. Stark.—Mr. Chairman, I cannot state what it costs to carry a ton of freight. I don't know that it is possible for any man to eliminate any particular thing and state it with accuracy.

Mr. Choate.—Can you state how low you have carried it?

Gen. Stark.—We have carried it so low that we have had \$2.50 for 400 miles. The average freight to Ogdensburg has been one and one-half cents per ton per mile, or \$6 for 400 miles. The freight carried for \$2.50 was merchandise going to the West.

Mr. Choate.—How was that \$2.50 divided?

Gen. Stark.—It was divided *pro rata*, after deducting car service and terminal charges. The terminal charges were thirty cents; under an arrangement I have spoken of, they were less than that. Thirty cents is the maximum. The car

service is four-tenths of a cent upon every mile, making \$1.60, making \$2.20; and with ten cents bridge charge there would be ten or twenty cents left. We have taken at these rates that we might have the merchandise to ballast our boats. It may have been true that we have had to pay something for hauling. I don't say that it was an unjust thing for the Northern road to ask for what they did; what I complain of was the way in which it was done. They got us into such a place and then said, "You shall sign that contract or we will not go in." Your president told me to go ahead and make the arrangement. I got the \$600,000 and spent half of it, and then he would not sign the contract unless I would sign another contract which had never been adverted to before.

Judge Abbott.—I told you at the time that we did not complain at the matter, but at the manner.

Mr. Choate.—The simple explanation is that the president of the Northern road never understood that he agreed to any such arrangement.

Judge Thomas.—I don't know that that has anything to do with the question.

The Chairman.—Do you believe that the facilities of the Lowell and Fitchburg roads combined would be sufficient to do this Western business?

Gen. Stark.—I think it would.

The Chairman.—With their own local business?

Gen. Stark.—I think so.

Judge Hoar.—Do you know anywhere where similar facilities can be furnished at anything like that cost?

Gen. Stark.—No, sir. I have looked about considerably.

Judge Thomas.—You don't propose to put them in at cost, do you, sir?

Gen. Stark.—We propose to put them in at their valuation.

Judge Thomas.—Do you suppose it is difficult to secure them at a valuation?

Judge Hoar.—That was not what I asked.

The Chairman.—Does your new station-house stand upon ground granted under your original charter?

Gen. Stark.—That land was obtained under a terminal facilities Act, of 1870.

The Chairman.—How about the grounds in Charlestown?

Gen. Stark.—They are under a subsequent Act.

The Chairman.—How much ground in the city comes under the first charter?

Gen. Stark.—I think about eight acres of the ten.

Judge Abbott.—Mr. Chairman, we understand that if this bill is passed, that that restriction in favor of the original Lowell charter will be entirely annulled. If the Lowell and Fitchburg roads unite, the Lowell road then loses any peculiar right that it had under the original charter, and we shall stand before the legislature as any other corporation.

Judge Thomas.—Your bill is constructed with that view?

Gen. Stark.—Yes, sir; that was the idea.

Judge Thomas.—Did you understand it, Judge Abbott, that it loses that original characteristic when it united with the Nashua and Lowell?

Judge Abbott.—That is not consolidated, sir.

Judge Thomas.—If that had been consolidated?

Judge Abbott.—Under this bill it was the idea that we should have lost that original provision, because the idea of union would make another road, namely, the Great Northern Railroad.

Judge Hoar.—We don't claim any such exception now, under the charter.

Judge Abbott.—We have always kept throughout the idea of making no objections to any change in this respect.

Judge Hoar.—I wish to call your attention to three reports. We ask the Committee to take notice of the Senate Document No. 15, of 1850, which was the first commission. Their report provided for a mode of straightening out this entanglement of the northern side of the city. The second document is House Document 143, of the year 1855. The third is the Senate Document 179, of the year 1871, which is signed by the Railroad and the Harbor Commissioners. We wish to call the attention of the Committee to the very strong representation made in all these reports of the great public importance and necessity of obviating these crossings for passenger trains at Prison Point and its neighborhood, and the great difficulty of arranging another plan. There are one or two passages to which I would like to refer. The first is

signed by the late E. S. Chessborough, who was appointed commissioner in 1850 ; the second is signed by Nathan Hall, Reuben A. Chapman and Samuel A. Elliot, and the third by the Harbor and Railroad Commissioners. As has been stated by Mr. George in his opening argument, this last committee, which went most thoroughly into it, proposed a plan for additional dockage, but the plan for the railroads themselves which they recommended as desirable, to get rid of these crossings would require an expenditure of \$6,250,000, making the whole expense, as the result of the whole plan, with some improvements in regard to draws and the accommodation of vessels, when carried out, about \$8,000,000, to which should be added \$1,000,000 for a new bridge between Boston and Charlestown, and another at Craigie's Bridge. It must be no trivial matter that the commissioners would presume to provide for at such a cost. But the Committee have now before them a plan by which the whole thing can be done by an exchange at comparatively slight cost.

Mr. Chairman.—Have you made any estimates?

Judge Hoar.—No, sir ; because the cost is extremely trivial as we propose it. There will be some expense. The plan consists of an exchange between the Fitchburg and the Eastern Railroads, and the expense is but small and wholly among themselves. The expense is out at Somerville with the crossing of the Eastern and the Boston and Maine, where a short length of track would have to be changed, but it would cost but a few thousand dollars. The Boston and Maine may wish to have the Eastern pursue a little longer line and cross to a point to the state-prison yard, but that will involve but a very little extra expense.

The Chairman.—I suppose the plan could be carried out for half a million?

Judge Hoar.—Yes, sir. A part of the expense which would be involved in the plan has been incurred by the Boston and Lowell, by putting in this magnificent station which is sufficient to accommodate the two roads united. I don't see that the expense would be more than \$50,000 or \$100,000.

Judge Thomas.—I don't wish to anticipate an argument in this case, but I wish simply to suggest that as the witness for the Boston and Lowell testifies that the public safety requires

it, and that this change can be made, and at so small an expense, the legislature and the Commonwealth know where the power is to do it.

Judge Hoar.—Yes, sir ; we are asking them to do it.

Judge Thomas.—We shall ask them to do it without this consolidation.

Judge Abbott.—I wish to call the attention of this Committee to the price of this property of the Boston and Lowell and the Fitchburg. It is not to be put in at the appraisal of its real value, but by a section of this Act the capital of the united corporation is to be simply the amount of the capital of the two corporations, and the debts of the corporations. That is, we supposed that the property of the two corporations would be appraised at a great deal more than ten million dollars, but in the new corporation, upon which interest is to be paid by the people of the Commonwealth, they go in at the amount of the original capital and the debts which is not more than half the real value of the property.

R E P O R T

OF THE

ELEVENTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

FEBRUARY 19, 1873.

BOSTON :

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

ELEVENTH HEARING.

The eleventh hearing began with the further examination of General Stark, the manager of the Boston and Lowell Railroad, as follows :

Mr. Bates.—You have spoken of the passenger trains that would be relieved of these crossing by this plan. Can you give any idea of the freight trains?

Gen. Stark.—It has not been estimated ; I should say, however, that it was a very small per cent. of the whole number.

Mr. Bates.—Will this avoid, and if so in any great degree, the grade crossing of the freight trains?

Gen. Stark.—Not at all.

Mr. Bates.—At present there is not much done upon your Mystic River improvement?

Gen. Stark.—There is nothing done yet, and will not be for some time.

Mr. Bates.—You don't mean that your plan does not avoid the freight trains of the Boston and Maine and Eastern?

Gen. Stark.—Whatever trains there are between the Boston and Maine and Eastern would be avoided. As between the Boston and Maine at Somerville the crossings will be done away, but not between the Boston and Maine and Fitchburg.

Mr. Bates.—At present, if I understand you, very little has been done upon the Mystic improvement, but your plan contemplates that the Tunnel business will be opened in such a manner as to take all freight trade over the Mystic improvement?

Gen. Stark.—Yes, sir.

Mr. Bates.—Then of course a large amount of business from both the new line and the Northern line will cross at grade the Boston and Maine and the Eastern, as it does now?

Gen. Stark.—Yes, sir.

The Chairman.—Necessarily? Could there not be a bridge built there?

Gen. Stark.—A bridge could be built there, but not without great injury to the property adjacent to it.

Mr. Bates.—But the plan as proposed does not include the obviating this difficulty of the freight trains crossing at grade. Now, must not that business, in your opinion, be very large after the Tunnel has been open a few years?

Gen. Stark.—Undoubtedly; but still the number of trains will be small in comparison with the number of passenger trains now run; probably not one in ten; perhaps this is a large estimate, but the ratio would be very small indeed.

Mr. Bates.—But they would be very long trains?

Gen. Stark.—Yes, sir.

Mr. Bates.—Will not the number of trains be dependent upon the business; if the business is very large there must be a great increase of trains?

Gen. Stark.—Yes, sir.

Judge Hoar.—Does not the Boston and Albany road on its Grand Junction cross at the same point with its freight to East Boston, that your Mystic branch crosses?

Gen. Stark.—It does not cross the road at the same point that we do. We cross that at the same point we do the other two roads, but they cross further along.

Judge Hoar.—Is it near?

Gen. Stark.—No, sir; it is not very near. They cross at the other crossing at Somerville,—I think I am mistaken,—they all cross at the same place.

Judge Hoar.—So that your freight train crossing does not make an addition crossing?

Gen. Stark.—No, sir; they do not.

Mr. Bates.—The freight trains on the Boston and Albany are about three times as many as the passenger trains. Why would it not be so on this road?

Gen. Stark.—I don't think that is a fact, sir.

Mr. Bates.—Do you know what the relative proportion is?

Gen. Stark.—I have not had occasion to look at that road in this respect, but if it is so, it is very different from any other road running into Boston. I should say there were ten

passenger trains to one freight train on the Boston and Albany road into Boston.

The Chairman.—If this change is made for the Eastern and Boston and Maine, there will be no crossing of freight trains by these two roads, any more than of passenger trains?

Gen. Stark.—No, sir.

Col. George.—But the Grand Junction will still cross where it does?

Mr. Adams.—As manager and director of the Boston and Lowell road, your attention has been called, I presume, to the law passed last winter, in relation to cheap morning and evening railroad trains to and from Boston?

Gen. Stark.—I knew the law was passed.

Mr. Adams.—If I am correctly informed, there was an application made to the Boston and Lowell road for such a train?

Gen. Stark.—There have been several.

Mr. Adams.—You have been advised by your counsel that they didn't comply with the terms of the law?

Gen. Stark.—I have been so advised.

Mr. Adams.—I believe I expressed the same opinion?

Gen. Stark.—My impression is that you did.

Mr. Adams.—Therefore the trains have not been run on your road?

Gen. Stark.—They have not.

Mr. Adams.—Do you approve of that system of legislation?

Judge Hoar.—I cannot see that that can be competent in this matter.

Mr. Adams.—Do you think it is advisable? We all have an interest in having our railroads well developed. Do you think they would be well run and well developed if the legislature prescribes time, rates, etc.?

Gen. Stark.—It would depend upon how much wisdom the legislature for the time being may have, sir.

Mr. Adams.—You are willing to say that you think that the system of supervision of a legislature is wise,—the supervision of a body of men?

Gen. Stark.—I think that power is generally delegated. I think if the legislature undertook to run a railroad, it would have to delegate it to some one.

Mr. Adams.—You are aware that this matter of regulating

railroads by law is gaining ground considerably, are you not?

Gen. Stark.—I think there is a public tendency to ask for legislative regulation for railroads.

Mr. Adams.—So far as your information goes, is that working well?

Gen. Stark.—I have not seen any good results from it yet.

Mr. Adams.—Have you noticed a tendency in the legislation of this State in that direction?

Gen. Stark.—No, sir; I don't think that I have.

Mr. Adams.—Among the laws of last winter was chapter 58, that the commissioners be directed to consider the subject of regulating fares and freight by law, and report by law?

Gen. Stark.—I think that is the last I ever heard of it.

Mr. Adams.—Have you read the report?

Gen. Stark.—I have not read that part of it.

Mr. Adams.—Chapter 60 of the laws of last year provides for regulating of the transportation of coal by law, does it not?

Gen. Stark.—I saw the law, but I have not noticed what report the commissioners made.

Mr. Adams.—Last year there were three Acts before the commissioners for the regulation of your road by law in this State?

Gen. Stark.—Yes, sir.

Mr. Adams.—Have you ever had your attention called to this bill in connection with the State of Illinois, by which they regulate the minutest details by law?

Gen. Stark.—I have simply seen the accounts in the papers. My time is so absorbed with matters near home that I have not much to do with things in Illinois.

Mr. Adams.—Were you aware that there are two bills now before Congress in relation to this matter?

Gen. Stark.—I was not. I have seen some account of the Mr. Shellabarger's idea.

Mr. Adams.—What do you think of a clause like this in a bill?

"And no passenger nor ton of freight shall be subjected to a higher rate per mile than the lowest rate charged by the same line for the same service over any other part of the line."

Do you think that is a judicious measure?

Gen. Stark.—It would either prevent roads from doing business, or it would ruin the roads.

Mr. Adams.—But you consider that it is really practical to have the supervision of railroads in one body and the ownership in another?

Gen. Stark.—Yes, sir, I think it practical.

Mr. Adams.—Therefore the legislature can regulate these things by law and the roads can be operated to advantage?

Gen. Stark.—I see no difficulty in doing that so long as the legislature don't attempt to interfere with the operation of the road. Perhaps I don't understand your question, but I should say that if they confined their powers to making general arrangements, there would be no difficulty. If they reserved the right to hourly and daily interfere, then there would be difficulty.

Mr. Adams.—How would it be if they yearly interfered with them?

Gen. Stark.—I should say that there might be some difficulty then.

Mr. Adams.—I believe we have had some correspondence on the subject of these various attempts at experiments in transportation, of which you were not in favor. Which is the best way for the railroads, if the State wishes to try experiments, to try them at the expense of the State, or at the expense of the corporations?

Gen. Stark.—If the State desires to try experiments that corporate companies consider doubtful in results, they should pay for them.

Mr. Adams.—Don't corporate companies generally think experiments doubtful?

Gen. Stark.—No, sir.

Mr. Adams.—If the legislature wishes to try experiments of that sort, it should have a road on which they could try them on their own road?

Gen. Stark.—I should prefer, if they were to try any experiments against my judgment, they should not try them against the interests of my stockholders.

Mr. Adams.—Now here you are, General, before the legislature asking for this consolidation, for this additional road

for this Northern combination. You remember the commissioners addressed a communication to you, asking you to revise your tariff with a view to looking it over and making such changes as you deemed feasible?

Gen. Stark.—Yes, sir.

Mr. Adams.—Do you remember the answer they received?

Gen. Stark.—I don't remember the tone of it. I never supposed that your honorable commission was to stand between a railroad corporation and its patrons. I have not supposed, and do not now suppose, that the commission could go outside its high position and attempt to manage the roads of this Commonwealth in matters of detail.

Mr. Adams.—I suppose you adhere to that now; you don't suppose that it is intended to suggest or advise anything with regard to the management of the roads?

Gen. Stark.—I have no objection, sir, at all, to-day, to receiving advice from the commissioners.

Mr. Adams.—You don't consider that your tariffs come within our province if this other road comes under your management?

Gen. Stark.—I should exercise the privilege of my own judgment.

Mr. Adams.—I want to get your views as to this growing tendency to supervision and regulation?

Gen. Stark.—I think it would simply be a question of whether the State would think it advisable to put the roads into the hands of men who are trained in railroad business or whether they will put them into the hands of those not trained.

Mr. Adams.—You have achieved considerable position as a railroad man, and it has been in the employ of the Boston and Lowell Railroad Corporation. Do you think your energies would have been restricted if you had been under the power of the State?

Gen. Stark.—It would depend upon the character of the commissioners. I think there are reasons why a State cannot manage a thing so efficiently as a private corporation.

The Chairman.—Do you mean to say that if you could manage the trustees of the State you could manage the road?

Gen. Stark.—I mean to say that if the trustees of the State would be men having some interest and some intelligence, I

could manage just as well as under my directors. I say the trustees of the State are liable to be men unfit for the position.

The Chairman.—Is not that the case with directors?

Gen. Stark.—Yes, sir; but I have been very fortunate in that respect.

The Chairman.—I would like to have you give your ideas to the Committee as to state management.

Gen. Stark.—I don't know but that the State can manage a thing as well as anybody else, but all my observation of what has been done by States in the management of public works would lead me to the idea that, if they come down from the standard of proper management, they would injure and destroy the property they have hitherto aided, precisely as has been done in other States. I don't know but they might support it better than anybody else, but I don't think they could.

The Chairman.—Where States have gone into railroads, has it not been that others would not stay there,—the State has taken roads that no one else could run? Has not that been the history of State management of railroads?

Gen. Stark.—It has been to a large extent.

The Chairman.—Has there been any failure of state management more than of private management?

Gen. Stark.—Yes, sir; because every one of the state managements have failed in Pennsylvania, in Ohio the state management failed entirely. In Missouri the State failed, and not all the railroads.

The Chairman.—What exceptions are there in Missouri?

Gen. Stark.—I could not go into details. The Hannibal and St. Joseph is one.

The Chairman.—Well, is it all management, or is it in the circumstances of the case?

Gen. Stark.—My plan is, that as you elect people to the state government from year to year you get in corrupting influences from year to year; and these things become a football of politicians, and you cannot manage them with such efficiency, in my judgment, as you can by private corporations. You do not find *any* government work managed as

efficiently as private corporations. I only extend it to railroads.

Mr. Bacon.—I would ask you in regard to this point: it has been stated in regard to the management of railroads in Belgium, by the government—I would inquire what you think the difference would be in the control of a road under that form of government and under ours?

Gen. Stark.—I have given that matter some attention, sir. In the first place, the government of Belgium is a parental one. The government has taken the very best lines in the State and utilized them—the lines that can make money, if any can. It has put them under such regulations that they will not run any more trains than business needs. They are required to give ample notice if they want accommodations. For instance, you have got to give forty-eight hours' notice for a car; you have got to submit to regulations to which our people would not submit. They do not have as extensive accommodations. That government has been able to earn six per cent., which, in that country it seems to me is a very great result. I do not think that the mode of management practised there would be submitted to by the people of this country. There is not the freedom upon the roads that there is here. There is not the freedom upon them that there is in England. An English commission went over and over the ground in 1865 and 1866, but they found that the difference of government between Belgium and England is such that the system is not applicable to the English people, and it is much less applicable to the American people. From reading such reports as I have been able to obtain, I have come to this conclusion: that the state management as is practised in France and Belgium is not practicable and could not be made applicable to the wants of this country.

Mr. Bacon.—What is the secret of their measurable success?

Gen. Stark.—In the first place, they will not grant any more lines than they think will be successful. In the next place government has invested in the best lines. It would be like the government taking the Boston and Albany, the Lowell or Providence, and running them the best they could, and letting the outside lines who could not do quite as well

come in competition. The result was that, at one time, in Belgium, that they nearly ruined every railroad in Belgium, and compelled them to do what we are asking to have you do, combine them under a large corporation, so that they could successfully fight the government.

Mr. Bacon.—What material difficulty is there in state management, that they do not have to contend with there?

Gen. Stark.—Nothing is done there without the permission of the government. I am running to-day—all the roads in Massachusetts are running—more trains than they can afford. They do not average more than a carload of passengers per train. I think even the Boston and Albany only gets seventy or eighty passengers per train; the Boston and Lowell get forty-nine. The Belgian government attempts to run only so many trains as will fill their cars. Whether they are successful or not I do not know. If they should make that attempt to cut down our number of trains so that it would be profitable for each train, we should be complained of at once.

Mr. Bacon.—Is there any chance in Belgium for the exercise of the same power, as might be exercised here, the railroads being run by the State, as to the matter of power in the State to control their own supervision?

Gen. Stark.—I suppose that there is not so much opportunity for outside influence as there is here.

The Chairman.—I think you stated yesterday that you had not made an estimate of the cost of your consolidation, the equipment of the road, a double track, etc.?

Gen Stark.—The estimate has been made, sir, by the president of the Fitchburg road. I did not go into that question.

The Chairman.—You haven't any doubt but that the business will pay, have you?

Gen. Stark.—At once, sir?

The Chairman.—Yes.

Gen. Stark.—I have doubts of it. I have no doubt, sir, that there will be a respectable business at once, upon the tunnel line, but I think it is a matter of time to build it up. Until you have a connecting line through to Oswego, you are in a measure, at the control of these parties. I think that it will be for the interest of the State of Massachusetts to have

their northern outlet, which would enable them to hold these parties in check.

The Chairman.—With that line established to Oswego, there would be no doubt?

Gen. Stark.—I think with these two lines together you could get a large amount of business.

The Chairman.—Do you think that the business would amount to \$10,000,000? The Boston and Albany has about \$9,000,000.

Gen. Stark.—Do you mean through to Oswego?

The Chairman.—Yes, sir.

Gen. Stark.—It is difficult to form an estimate. I should hardly want to put myself on record as saying that I thought any particular amount of business would come in a given time.

The Chairman.—As to the amount of business that would be done? Could not we safely calculate on \$10,000,000?

Gen. Stark.—It is entirely conjectural.

The Chairman.—What, upon the testimony put in?

Gen. Stark.—Yes, sir; because I do not put much reliance in testimony. I am struggling for that business all of the time, and do not get it.

The Chairman.—The testimony is that there are no facilities.

Gen. Stark.—We have lately sold five hundred cars for want of business.

Judge Hoar.—Is not the stoppage on that business further west?

Gen. Stark.—It is further west.

Judge Thomas.—Then I suppose you would not, if you were to take this tunnel line, you would not feel authorized to take measures to meet these vast expenditures, at once, for building the double track, putting in 4,000 cars and 2,000 engines, etc.?

Gen. Stark.—I would do precisely as we have done; make the provision, lay out the ground-work, and make the improvements as the business warranted.

Judge Thomas.—I suppose so.

Judge Hoar.—You regard the provision within the city of

Boston, for doing business, as the great foundation for the whole?

Gen. Stark.—I think the work is entirely laid out.

The Chairman.—If those terminal facilities and a first-class road leading to the lakes and the north—whether it would not be fair to base the business on \$10,000,000?

Gen. Stark.—I have no doubt it could be brought up to \$10,000,000, but how long it would take to do it, I cannot say. Whoever manages it, whether the State or individuals, there is a great deal of labor required to bring it up. I do not believe the business is there without working for it, but I believe it can be brought with proper effort.

Judge Thomas.—You state that we haven't facilities for doing the business; you say you are diminishing your facilities. For what reason? Where is the difficulty?

Gen. Stark.—The difficulty in our line is, partly, from our connection with the Grand Trunk road, which is blocked on the way to Montreal, giving the preference to Montreal business. In the winter this is our sole dependence; at other times of the year we are dependent upon this fragmentary line which I adverted to yesterday, which has in itself a great many elements of difficulty. It is about as much trouble to take care of our business as ourselves.

Mr. Barker.—As I understand it, the bill asked for by your bill, is entirely permissive?

Gen. Stark.—Entirely so, sir.

Mr. Barker.—You were familiar with the Western road before the consolidation?

Gen. Stark.—I was.

Mr. Barker.—Was it necessary to consolidate them in order that this business might be successfully conducted?

Gen. Stark.—I don't think myself it was, sir. It was done, but I think the parties would have come together without that action.

Mr. Barker.—There had been a long, bitter and expensive litigation?

Gen. Stark.—Yes, sir.

Mr. Barker.—There was continual trouble with reference to making joint rates?

Gen. Stark.—Without doubt.

Mr. Barker.—And as to who should provide terminal facilities in Boston?

Gen. Stark.—Yes, sir.

Mr. Barker.—Now I suppose, under your bill, it being permissive, it would be competent for the Fitchburg and Boston and Lowell roads to unite and stop there, and make no further combination.

Gen. Stark.—Perfectly competent.

Mr. Barker.—Suppose, then, that should be done, and meantime the State finishes the Tunnel, and the Vermont and Massachusetts puts her road in order. That state of things existing, are not the roads between the Hudson River and Fitchburg in a similar condition with reference to this consolidation, that the Western was with the Boston and Worcester before its consolidation?

Gen. Stark.—I think they would be precisely.

Mr. Barker.—Unless they could make terms satisfactory to you, there would have to be a way of getting them into the city, or there would be continual conflicts between these roads?

Gen. Stark.—Yes, sir; or the legislature could relieve them at any time.

Mr. Barker.—But so far as the legislation which is now proposed, the only absolute security would be a dependence upon the far-sightedness and wisdom of the management of the road.

Gen. Stark.—Self-interest, I think, would dictate a union between the two roads.

Mr. Barker.—That would be the only thing they would have to rely upon in this consolidation?

Gen. Stark.—I think not the only thing, because I think it is in the power of the legislature to apply the remedy for it.

Mr. Barker.—There is nothing in the statute-book that would apply to you?

Gen. Stark.—If this bill passes, we come in under the legislature, and you can do just as you can with any other corporation.

The Chairman.—Allow me to ask you one question more, and that is, When railroad men get into trouble among them-

selves, why do they come to the State in order to get things straightened out if the State cannot manage a road? They get into a tight place, and then come to the State to manage it.

Gen. Stark.—The State has the ultimate power in these things, and it is the only way we have to get out of it.

Mr. Barker.—You have the reputation of having studied the map pretty thoroughly with reference to roads running into Boston. Is there any feasible route for a new road to run into Boston?

Gen. Stark.—I think there is?

Mr. Barker.—There practically would be no difficulty in building such a road, if proper arrangements could not be made?

Gen. Stark.—Not at all. I have made surveys to that end, and we are building over some of them now.

Mr. Barker.—Well, in your judgment as a manager, would the building of a new road like that, supposing no arrangements could be made between the tunnel part of the line and your consolidation, would the building of that road injure your business?

Gen. Stark.—I think it would.

Mr. Barker.—To such an extent that it would be for your interest to make liberal terms rather than have a road built alongside of you?

Gen. Stark.—Yes, sir.

Mr. Barker.—Are you willing to give up your connection with the Northern line?

Gen. Stark.—I cannot say what we would do if we were foot-loose. We are under obligations to them, and perhaps we cannot get out, but I think we would be willing to give up our connection with them and come into this line, if we had no contracts. As the matter stands to-day, I would rather be consolidated in that form than in the other.

Judge Hoar.—Whether in your judgment it would be a wasteful expenditure of money, and contrary to public interest to have such an additional road from Fitchburg to Boston?

Gen. Stark.—I think it would. I think there is so much more money to be paid by the public.

Judge Hoar.—In the next place, on the question of the com-

parative situation of these roads and the Worcester and Western formerly. As I understand, it the Fitchburg and Lowell roads desire to consolidate and make arrangements for the transaction of the through business that comes through the Tunnel on reasonable terms?

Gen. Stark.—They do, so far as I know.

Judge Hoar.—You understand that the roads above desire to be consolidated on profitable terms?

Gen. Stark.—I understand the Vermont and Massachusetts desires it. I have had no information as to the Troy and Boston. I don't know what their views are.

Judge Hoar.—They want somebody to buy them, I suppose?

Judge Thomas.—You don't contemplate a consolidation with a consolidation?

Gen. Stark.—Yes, sir; we have offered to consolidate with them.

Judge Thomas.—With the Vermont and Massachusetts?

Gen. Stark.—Yes, sir.

Judge Thomas.—How about the Troy and Greenfield?

Gen. Stark.—We objected to putting the Troy and Greenfield in this bill because there are certain difficulties why it could not go in. There is no assurance that we will go in until they say that that shall be one of the corporators.

Judge Hoar.—I suppose the Committee understand us, that whatever plan may be adopted for consolidation, we contend that whether the State owns it or a single company, or it is leased, or in whatever way that it is carried out, the best foundation for it is the consolidation of the Fitchburg and the Lowell. If the State takes the whole line the first thing they ought to do is to connect that with it and get a depot and terminal facilities and straighten out the crossings. [To Gen. Stark.] Has there been any proposition made that we should be required to take the Vermont and Massachusetts?

Gen. Stark.—There has been a suggestion made that they should be put into the bill in some form.

Judge Abbott.—The proposition to the counsel on the other side was that in case this consolidation took place it might be made compulsory upon the roads consolidated to take the Ver-

mont and Massachusetts, or lease or buy it upon terms to be agreed upon. That was made by our side.

Judge Thomas.—That don't include the Troy and Boston?

Gen. Stark.—I don't see any difficulty in taking in the Troy and Boston.

Judge Hoar.—We shall be glad to take just as far west as the Committee will authorize us to take.

Judge Abbott.—You say you see no objection to taking the Troy and Boston upon the same terms as for the others. What are those terms?

Gen. Stark.—We should be willing to take it for whatever is a fair price. If we could not agree there might be commissioners appointed.

Mr. Barker.—You think if the State takes the whole line it should take the Lowell road with it. Do I understand that the Lowell are ready to make any terms upon which they will part with their property?

Gen. Stark.—I think they would sell, the State naming the price.

Mr. Barker.—Looking at the Troy and Greenfield road as railroad property, would it be wise before selling it, to consolidate into one company the lines on both sides of it?

Gen. Stark.—That might be a question of policy. I cannot see any objection to consolidating them so far as the roads are concerned. So far as the State is concerned there might be some objection.

Mr. Vinal.—On the seventh page of the directors' report of the Lowell road, speaking of the Mystic River improvements, you say, "By next midsummer we expect to have ample accommodations for the European traffic, for which these improvements are designed. Negotiations are now progressing with several foreign steamship lines for occupation of these docks when completed." I would like to ask you how you reconcile that sentence with what you say in your communication to the Boston grain dealers about building an elevator on this ground?

Gen. Stark.—I am very glad of an opportunity to explain the discrepancy, if there is any. That report was written in December, and refers to the improvements that are now going on at Mystic River. We have under contract the dredging

for these steamers and the lumber for the wharf. These matters are all going along, and we expect to have them done about midsummer. The matter of an elevator had not been concluded. At the time the report was written we didn't expect to put up an elevator unless we got some aid by joining with the Fitchburg road. But we did have in view the construction of a floating elevator, and have plans in the office for it and proposed to make that answer the purpose. We did not contemplate going into the large expense of an elevator unless we had some aid. The two things do not conflict.

Mr. Vinal.—You admit then that your own road would not furnish grain to support an elevator?

Gen. Stark.—No, sir; I do not admit it. I think there is a chance that it might or it might not. It is no satisfaction when we are uncertain about it.

Mr. Vinal.—On the 84th page of the commissioners' report, I read that you received 157,572 bushels of grain only, during the whole year. That quantity I believe would about one-third fill one of the Boston and Albany elevators as they now stand in East Boston or on Berkeley Street.

Gen. Stark.—I believe that only demonstrates that we are not much of a line, and that we should be made larger.

Mr. Vinal.—Does it not demonstrate more than that: that this land on the Mystic River flats you don't want for your own business as now constituted?

Gen. Stark.—I think I stated that yesterday, sir, precisely in those words.

Mr. Vinal.—Your road brings into Boston considerable ice. I would like to have you tell the Committee where that ice is shipped, when it is exported in first-class vessels.

Gen. Stark.—It is shipped from the Fitchburg Railroad wharf.

Mr. Vinal.—Do you know the quantity of ice the Fitchburg ship every year?

Gen. Stark.—It is very large, sir.

Mr. Vinal.—So I thought. They usually ship more pounds of ice every year, without any fuss or feathers, from private wharves below the bridge, than the Albany ships pounds of grain from its elevators in East Boston.

Gen. Stark.—I don't know, Mr. Vinal. I think it is a fact.

The Chairman.—Should you go for this consolidation with the Fitchburg if it were not for the Tunnel?

Gen. Stark.—Yes, sir; I think there are advantages for us even then.

Judge Hoar.—Both roads connect with the Cheshire and Rutland roads?

Gen. Stark.—Yes, sir. We need a larger capital for the line.

Judge Hoar.—The tail of that comet needs a little bigger head.

Mr. Bacon.—Your line would then terminate at Ogdensburg?

Gen. Stark.—Yes, sir; at Ogdensburg and Montreal.

Mr. Bacon.—Would it not meet with the same difficulties that you now meet with?

Gen. Stark.—Precisely. I don't think it would benefit us so much as to go through the Tunnel.

The Chairman.—How much would you save in the operation of the two lines under one management?

Gen. Stark.—I think the estimate, as between the Boston and Lowell and the Fitchburg roads is, that it would be about six per cent. upon our expenses, which are \$2,500,000, which would be \$150,000.

Mr. Choate.—I understood you to say yesterday that in 1870 you applied to the legislature of New Hampshire to unite with the Nashua and Lowell?

Gen. Stark.—Yes, sir.

Mr. Choate.—Was it not an application to unite the Nashua and Lowell and the Wilton Branch?

Gen. Stark.—I think not.

Mr. Choate.—Didn't you have two applications before the legislature?

Gen. Stark.—We might have had. They didn't get into a state of consistency, either of them, and consequently they are not very strongly impressed upon my mind.

Mr. Choate.—Were you not authorized by the legislature of New Hampshire, in 1870, to lease the Wilton Branch for 99 years?

Gen. Stark.—The Wilton Branch has been leased by the Nashua and Lowell Railroad.

Mr. Choate.—Was it done in 1870?

Gen. Stark.—I think not.

Mr. Bates.—I understand you to say that it would be an advantage for the Fitchburg road irrespective of the Tunnel. Now would not this be the greatest advantage, the fact that it would then prevent any competition on the west side of the mountain and in Vermont? Now you have a line that goes to Ogdensburg by the Vermont Central. On the other side of the mountain is the Rutland, Cheshire and Fitchburg, so that you make two routes to Burlington, which may be said to be a common point. The road is substantially under the control of this through line. The trouble comes between Burlington and the Massachusetts line. Now if you can bring all your freight upon that line by the Fitchburg, and control the Northern road in that way without using the Concord road, then they will be at your mercy. Is not that one advantage that you would have?

Gen. Stark.—The Concord road could not stand in the way of active operations as it does now. We should have a way of going to Vermont and the West.

Mr. Bates.—To a considerable extent it would put them into your power?

Gen. Stark.—I don't know that it would put them in our power any more than we are in theirs now. It would put them out of the way of speculating in their stock, as they seem inclined to do.

Mr. Choate.—Are you not the manager of the through line over the Concord and Northern?

Gen. Stark.—Yes, sir.

Mr. Choate.—How does the Concord oppose this business passing over the road?

Gen. Stark.—The Concord does not oppose this business if anybody else is willing to go to the expense of getting it.

Mr. Choate.—Is there any practical difficulty in getting business over the road?

Gen. Stark.—There is a practical difficulty of dollars and cents.

Mr. Choate.—How?

Gen. Stark.—In this, that they are unwilling to join in

these operations which are deemed essential to procuring business.

Mr. Choate.—The proportion of the Concord road is paid by the rest of the line?

Gen. Stark.—Yes, sir.

Mr. Choate.—The line is just as efficient, is it not?

Gen. Stark.—No, sir; 'I don't think it can be when one member of the line is standing out. It impairs the efficiency; it is not unanimous.

Mr. Choate.—With regard to this Western business at this end. You have an agency in Boston, have you not?

Gen. Stark.—We have.

Mr. Choate.—You have an agency in Chicago?

Gen. Stark.—Yes, sir.

Mr. Choate.—As it is the Northern road participates in all these contracts, and they have done everything you have wished, have they not?

Gen. Stark.—Under certain circumstances, which I detailed yesterday.

Mr. Choate.—That they would not sign certain contracts until you sign theirs?

Gen. Stark.—Yes, sir.

Mr. Choate.—Will you now state the present condition of business as between the Concord and the Northern roads?

Gen. Stark.—For instance, take the Ogdensburg road, we are losing money on it; and the rest of us have to pay the Concord's proportion of the loss. We are investing in steamers and in a sinking fund to pay for them, and we are running them at a loss, and all the rest of the line have to assist in paying the Concord's proportion.

Mr. Choate.—Yes, but how does that effect the amount of business over the line?

Gen. Stark.—Your client says we pay so much to get it that he does not care whether he has it or not.

Mr. Choate.—Has not that business been increased on this line?

Gen. Stark.—I have done what I could to increase it.

Mr. Choate.—Do you think if the Concord road signed those contracts there would be more business over the line.

Gen. Stark.—Yes, sir.

Judge Abbott.—If you have the connection with the Fitchburg and establish another line to Ogdensburg, whether that would give you the means of raising freights from Ogdensburg? whether you would not be controlled by the Albany and other roads?

Gen. Stark.—Entirely so. We could not manage freights.

Judge Abbott.—So that as far as the people receiving freight are concerned, it would not be raised upon them, but it would give you the means to increase your efficiency to Ogdensburg.

TESTIMONY OF WM. B. STEARNS.

Q. What is your position?

A. I am president of the Fitchburg Railroad Company, and have been so for seven or eight years.

Q. How many years in all have you been connected with that corporation?

A. Some twenty years in all.

Q. What in your opinion would be the advantage of a consolidation of the Fitchburg road with the Boston and Lowell road, under this bill?

A. Perhaps I had better give the figures that I have prepared first, and state anything else that may be necessary afterwards:

The total equipment of the Fitchburg, Vermont and Massachusetts, and the Troy and Boston roads, as it stands to-day, is 66 locomotives, 80 passenger cars, 25 baggage cars, 1,201 merchandise cars (eight wheels). The Boston and Albany road have 206 locomotives, 157 passenger cars, 38 baggage cars, and 4,113 merchandise cars.

The excess of the equipment of the Boston and Albany road over the whole line by the tunnel route is 140 locomotives, 77 passenger cars, 13 baggage cars, and 2,912 merchandise cars. The cost of this excess to make the tunnel line equipment equivalent to that of the Boston and Albany road would be \$4,428,000. That would make the the equipment of this line equal to that of the Boston and Albany. In respect to terminal facilities, I have considered that without consolidation the expense necessary for terminal improvements on the Fitchburg road, would be—

For elevator,	\$550,000 00
Land and docks for same,	400,000 00
Remodelling passenger station at Boston,	200,000 00
Warehouses and sheds on elevator wharf,	90,000 00
Addition to freight grounds, new freight station, and tracks,	500,000 00
New engine-house, locomotive, car and other shops, with land for same,	300,000 00
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Total,	\$2,040,000 00

I make the following expenditures necessary for terminal improvements without consolidation on the Lowell Railroad :

Elevator,	\$550,000 00
Improvement of wharf and docks,	100,000 00
Warehouses and sheds on elevator wharf,	90,000 00
New engine-house, locomotive, car and other shops, and land for the same,	300,000 00
<hr/>	
Total,	\$1,040,000 00

Consolidate the Fitchburg and Boston and Lowell Railroads and their joint expenditures will be (and I will state here that I have in this estimate doubled the practical size of the elevator, although I do not think it necessary to do it, and the results with the small elevator would be \$350,000 more favorable for consolidation)—

Elevator,	\$900,000 00
Improvements to Boston and Lowell docks,	100,000 00
Warehouses and sheds on elevator wharf,	150,000 00
Freight station and tracks, &c., F. R. R.,	100,000 00
New engine-house, locomotive, car and other shops,	500,000 00
Connecting Fitchburg and Lowell Railroad stations and freight grounds,	100,000 00
<hr/>	
Total,	\$1,850,000 00

That is in consequence of the improvements already made by the Boston and Lowell Railroad. Both roads are provided with terminal facilities at a cost of \$190,000 less than they would cost the Fitchburg road alone.

The expenditures saved by consolidation are,—

On elevators,	\$200,000 00
Land and docks for same,	400,000 00
Remodelling Boston passenger-station,	200,000 00
Warehouses and sheds on elevator wharf,	30,000 00
Additions to freight grounds,	400,000 00
New engine-house and shops,	100,000 00
<hr/>	
Total,	\$1,330,000 00
Deduct cost of connections,	100,000 00

and it leaves \$1,230,000 as the actual saving in the amount providing terminal facilities.

Q. On what basis do you make the engine-house?

A. I consider that if either line provides these elevators and improvements, they have got to have a large equipment to bring the business. I have therefore provided for new machine-shops for both lines, and have made the expense of each line \$300,000. In joining them together I have made it \$500,000. This would save \$100,000. Besides this saving, I have estimated that the saving in operating expenses would be five per cent. upon the entire expenditure, or \$121,000; and in stating that, I would say that I put it in at that sum because I could find these items, but I believe it will be nearly double that. \$121,100 at eight per cent. interest would represent a capital of \$1,513,750. This added to the \$1,230,000 gives \$2,743,750.

Q. (By the Chairman.) Do you think the capacity would be the same with \$500,000 expenditure on engine-house *here*, that it would be with \$600,000 on the other.

A. I should think it might be. Of course this is a mere matter of judgment and experience. There has been no plan, or anything of that sort, made to prepare this estimate. But that is my judgment concerning the matter. The total results of the calculation I have made are that we save in expenditures for terminal facilities \$1,230,000; in annual operating expenses the sum of \$121,100, which is the interest of \$1,513,000. We also have property released from use; i. e., our Boston passenger-station and its approaches, which, I think, would realize us a million dollars at least, and

the wharves below next to the navy-yard, which I have put down at \$175,000; so that the property released would be \$1,175,000; which gives us \$3,918,000 towards paying for the improvements,—if made in the way in which I have stated.

In looking over this printed report of the evidence there are one or two points that I had better correct.

On the thirty-first page Mr. Robinson states that Mr. Stearns told him that he had sent 400 cars over the Boston, Hartford and Erie, &c. Mr. Robinson tells me that that is a mistake of the reporter, and that it was some one else, or in some other way that he said he could send them, and that it was not Mr. Stearns.

There seems to be a general impression, and I don't know but what it is conveyed by this testimony, that the Fitchburg road are in some way bound, or that their faith is pledged to consolidate with this line. I have been, as before stated, connected with the road for twenty years, and for over seventeen years of that time have been intimately acquainted with all the details of its management, and I can state positively, from my own knowledge, that no agreement or understanding has ever existed for the consolidation of those lines. The only agreement of which I have any knowledge is that made in 1857. It provided for the connection of the tracks so that the cars could communicate from one line to another; and for a *pro rata* division of the receipts. And in that division the Tunnel was to be estimated as equal to twenty miles in length of railway. And this was to continue for ten years after the completion of the Tunnel. The Troy and Greenfield road were a party to that contract,—I have the contract with me, and I think it has been presented to the Committee,—and after it was made they failed. The State came in and took possession of the road, and I suppose the State, in making a new division of the receipts, virtually abolished the old contract. If it is in force, we are very willing to carry it out, so far as it goes.

In respect to the expenditure of over \$2,000,000 which I have estimated the Fitchburg road was required to make alone (merely to provide terminal facilities for the tunnel business); I think the elevators and other improvements

should be commenced immediately, if we intend to have them done when the Tunnel is completed. These expenditures and the cost of the equipment, and the alterations which are to be made on the road, for which I have added nothing in my figures, are so large that the Fitchburg Railroad Company do not feel inclined to make them, and depend entirely upon the undeveloped business of the tunnel line for their dividends. For consolidating with the Boston and Lowell road we secure a partner in this business who is able to pay its share of the bills, and furnish a porportionate part of the business (which I think is an important element in the matter). And we obtain at once grand terminal facilities for the tunnel business. It also secures the means for the erection of elevators and other improvements, which I do not think either the Boston and Lowell or the Fitchburg roads can separately provide and continue the payment of their regular dividends for some years. The position of the Fitchburg road is this: they want consolidation with the Lowell road to obtain terminal facilities.

Q. Suppose that you had the money that you have estimated there for making your enlargements and increasing your terminal facilities—point out to the Committee where you think it would be practicable to increase your facilities so as to furnish anything like the public accommodation which would be furnished by combining the improvements of the Boston and Lowell and the Fitchburg roads. Where is the locality?

A. There are points where we can provide facilities for the ordinary freight. But for ocean steamships there is no point except the wharves next to the navy-yard. I do not know that it is possible to provide accommodations for more than two steamers. The space represented upon the map between the terminal ground and the navy-yard is the only practicable space that I know of.

Q. How much would it cost to buy fifty acres of wharf property in that vicinity?

A. There is not that amount to be bought.

Q. How much is there to be bought?

A. There may be nine or ten acres possibly in docks and all. It is fully half docks, as appears upon the plan. The

wharves, colored brown on the map, are those which belong to us, and which we bought.

Q. Suppose you wished to buy those others,—have you any means of knowing what it would be practicable to buy those eight wharves for?

A. No, sir; I have not. If taken by law, they would cost a very large amount of money—probably a million and a half.

Q. When you had got them you would have the means of docking two ocean steamships, would you?

A. I don't think they would be all required for the dockage of two ocean steamships.

Q. Are there any wharves there which, without rebuilding at large expense, it is practicable for ocean steamships to lie in?

A. No, sir. You could build more docks; but there is not length enough between our track and the other side for a vessel to lie. It is only at the end of the wharf that it could lie. It requires four hundred and fifty feet to lay an ocean steamship. That wharf there is probably four hundred and seventy-five feet from our track to the end of the last wharf. That lies at an angle, and the others run in square; and it would not leave us any room above for cars or anything else, if we made docks.

Q. You have examined the Mystic property of the Lowell road pretty carefully?

A. Yes, sir.

Q. State your opinion with regard to the practicability of the use of that property, and the expense of its practical utilization for terminal deep-water?

A. I don't know of anything that will equal it. We have space for laying six or seven steamers, I think it is,—and they are not exposed to the passage of outside vessels,—and the ground for the building of elevators, and the necessary improvements for carrying on the business of the line.

Q. In the development of the Tunnel line, how important do you regard the utilization of this Mystic property?

A. I don't think you can do anything without it. You have got to have commodious wharves for ocean steamers. The grain business and that done through the elevator, is a

principal part of the business. Then apart from the mere matter of expenditure, there is the additional fact that such terminal facilities cannot be elsewhere obtained. I don't know of any other place where they can be obtained.

I have a statement here concerning the Troy and Boston road, made for the years 1854, 1868, 1871,—made for those years, because I have no other reports. It is from the State Reports. It is as follows:—

Statement concerning Troy and Boston Railroad—from State Engineer's Report for 1854, page 503.

Amount of capital stock paid in.	\$439,492 88
Total amount of debts,	729,257 39
	<hr/>
	\$1,168,750 29
Length of road in miles.	34.66
Length of road laid.	27.23

Report of 1868, page 533.

Amount of capital stock paid in.	\$607,111 22
Total amount of debts,	2,018,289 29
	<hr/>
	\$2,625,400 51

That is from 1854 to 1868, the capital stock and debt has increased \$1,456,649.24, and they have constructed 7.43 miles of new road, and added seven locomotives, eleven passenger and baggage cars, and one hundred and sixty-two merchandise cars to their equipment. During the same time the cost for land and land damages, has increased \$103,702.12, and the cost for engineering and agencies has increased from \$51,243.18 to \$407,026.93.

Report of 1871, page 874.

Amount of capital stock paid in,	\$1,599,000 00
Total amount of debts,	1,968,268 93
	<hr/>
	\$3,567,268 93
Length of road, (single track)	34.91 miles.
253 Increase of capital during last five years.	\$991,888 73
259 Increase of debt during last five years.	24,902 36

261 Cost of road and equipment has increased, last five years,	\$37,758 96
264 Number of passengers carried, has increased last five years,	14,271
266 Number of tons carried, has decreased, last five years,	3,843
282 Total gross earnings have decreased in five years,	22,443 03
Equipment has not increased since 1868. No report of any dividends paid.	

Q. The Troy and Boston road has increased its cost from 1854 up to 1871, how much?

A. \$1,168,750.27 was the cost in 1854.

Q. How much was it in 1871?

A. \$3,567,268.93. And they have built seven miles of road.

In the figures of Mr. Appleton, on the fourth page of the third day's report, I wish to call attention to certain items. He tells me that they are correctly deduced from the report of the Boston and Albany road. I cannot tell anything about that, but they are wrong, wherever they are taken from.

Mr. Appleton estimates that the freight cars are all loaded in both directions, and carry about thirteen tons load in each car, whereas the actual load is less than five tons to each car. He considers the average number of tons transported to a train to be two hundred and twenty, when in fact the average load of the trains of the Boston and Albany is only eighty-one tons, and the average of all the roads in the State is only sixty-seven tons. He assumes that a passenger and freight train cost the same price (\$1.41) per train mile, which is not correct, and in this way determines the cost per ton per mile to be $\frac{64}{100}$ of a cent, and the net earnings $\frac{9}{10}$ of a cent per ton per mile. That is, on the least profitable kind of business, he makes the net earnings $58\frac{1}{2}$ per cent. of the gross income, when the report of the Boston and Albany Railroad shows their net earnings to be but twenty-five per cent. of the gross income. He makes the expense on this business $41\frac{1}{2}$ per cent., when the Boston and Albany report shows it to be seventy-five per cent. of the gross income.

If we take the whole number of tons carried one mile on

the Boston and Albany Railroad in 1872—290,064,965,—and consider the net profit to be $\frac{9}{10}$ of a cent per ton per mile, it will make the net earnings of that road on freight alone amount to \$2,610,584.69, or \$247,970 more than the net earnings of their entire business.

Freight tons carried per freight train mile, eighty-one. Total tons carried one mile equals eighty-one, the number of miles run by freight train.

Dead weight to eight to each ton of freight carried is 5.22 tons. Dead weight is found by dividing the weight of the train given in the report, by the tons carried in each train. Thus the weight of train on the Boston and Albany is $\frac{423}{81} = 5.22$ tons dead weight.

The reported weight of trains on the Boston and Albany road must be wrong, even if they include freight in their return of four hundred and twenty-three tons, for calling the weight of locomotive fifty, and freight eighty-one tons, it leaves two hundred and ninety-two tons, or the weight of thirty-two long cars, whereas the Boston and Albany carry but seventeen cars to a train.

The following is the weight of trains from reports:—

Boston and Albany,	423 tons.
Boston and Maine,	200 "
Boston and Providence,	218½ "
Boston and Lowell,	247 "
Fitchburg,	175 "
Concord,	239 "

Assuming \$1.54 as correct, and dividing it, allowing seventy-five per cent. as expenses, and it gives net earnings $\frac{38}{100}$ of a cent per ton per mile, and makes the expenses $1\frac{16}{100}$ cents per ton per mile. The Boston and Albany averaged last year sixteen cars to a train, and the weight of train was one hundred and sixty-two tons; dead weight to each ton 2.051 tons. Freight carried in each train $\frac{162}{2.051} = 78$ tons. If we divide the tons carried one mile by the freight mile, it will give the same, seventy-eight tons.

Q. That plan which hangs there was made under your supervision, and you, I believe, are a civil engineer?

A. Yes, sir ; and it is correct, so far as I know, and I am a civil engineer by profession.

Q. Is it perfectly practicable to make connections avoiding the grade-crossings, as shown upon that plan ?

A. There is no difficulty. They can be made in that way and a great many others. The Eastern road could be swung still further towards Charlestown, and the Boston and Maine could come in on its own track, and the Eastern road come in on the other track. It would have to go through part of the state-prison grounds ; I suppose there would be no difficulty about that. With that exception, there would be no difficulty.

Q. State whether or not it would be perfectly practicable to connect the Fitchburg road with the Eastern Railroad bridge, so as to use the passenger accommodations ?

A. It is shown on the plan, sir, by a bridge nine hundred feet long.

Q. State whether or not without inconvenience, and with many elements of convenience, it would be perfectly practicable for two roads with united interest to use that station in common ?

A. I don't think there would be any difficulty.

Q. State whether there would be a very large saving in the operation of the depot under one management, over and above a separate organization.

A. There would be quite a large saving.

Q. (By Judge Hoar.) Would the present condition of the limited accommodations of the Eastern road be sufficient, in your judgment, for any future probable wants of the two roads combined in passenger business to get this great station which the Lowell road have already built ?

A. I should think so.

Q. That is, by combining the narrow station of the Eastern road with the Lowell road, you think that all the roads could be accommodated ?

A. I think they could all be accommodated.

Q. As I understand you to state, you think that neither the Fitchburg road nor the Lowell road would be justified in making the expenditure which the business wants of Boston require for immediate development ?

A. I don't think they could pay regular dividends if they did.

Q. Now, in your judgment, could the combined Fitchburg and Lowell roads make those expenditures for the development of that business, and make them at once, without affecting the dividends of the two roads?

A. I think they could. I am not positive about it.

Q. (By Mr. Abbott.)—Do you know of any terminal facilities of any railroad connecting from Atlantic cities where there is such an opportunity for business as at the Mystic station?

A. I don't know of any wharf for ocean steamers that I consider equal to it. It is superior to the Boston and Albany. I don't know of any upon the coast equal to it. There may be some that I don't know of.

Q. (By Mr. George.)—The danger of these crossings with sixty trains a day—three crossings with two railroads crossing at each point—is apparent now. I ask with regard to economy with such an arrangement, and the wear and tear incident to crossings of that character, whether that is a detriment worthy of consideration?

A. I should be afraid to state what I thought the damage was in the wear and tear to the frogs and equipments and rails. It is very large indeed. We have a crossing on our road with the Framingham and Lowell Railroad, that I think damages us a great many thousand dollars a year.

Q. What are the elements of that danger?

A. Each case is separate. On these crossings (I believe they are generally level) each wheel which passes through the frogs falls upon the point of the frog, as there is a break in the rail. The tread of the wheel has to fall, which produces a severe strain to the whole machinery and equipment. Every engine and car that passes over it, is damaged to some extent. The engines running over these crossings at the lower end of the road break their wheels and ties and axles a great deal more than they do in any other place. Then there is the element of expense, and the actual destruction of property. Then there is the element of danger resulting from the liability of the breakage to the wheels as the liability to collision.

Q. Now, another question. I believe the law requires that all passenger trains shall stop as they approach a crossing?

A. They stop within five hundred feet of every grade crossing.

Q. How much time is lost in that way?

A. It would save a delay of certainly one minute to each passenger that passed over the crossing.

Q. Is it an unusual thing for an engineer to lose control of his engine? Does that sometimes happen?

A. It very frequently happens. I think it is a mere matter of time for some terrible accidents to happen at these crossings. I have known within the last two or three years, some very narrow escapes. As one of our trains was passing, a car on the Eastern Railroad became detached from the engine, and came down and knocked our train off the track, right on the crossing. If it had had a little more force, a great many people would have been killed. At the Boston and Maine crossing we have had several accidents. Accidents are liable to occur at any moment.

Q. Apart from the liability of a train to get out of order, I will ask you whether or not it is not unfrequent for an engine standing by the track to get loosed, and run away from the engineer?

A. It sometimes happens. I saw an accident of something of this kind on the Boston and Albany in a newspaper, within a few days.

Q. Supposing an engine should get loose and strike a passing train, what would be the result? Supposing a full passenger train was standing by?

A. I think it would go through the car, and a great many in the car would be killed, undoubtedly.

Q. (By Mr. Abbott.) About how much was expended by the Lowell road and the Fitchburg road to obviate crossings at grade?

A. It cost about \$100,000 to lower the Grand Junction and Fitchburg Railroads, and to carry the Boston and Lowell road over them. That probably more than doubled any grade which the Lowell road had. It was done in old times. It would cost more than double the money now.

Q. As I understand, the plan suggested here, not only obviates the crossing of the Boston and Maine and the Eastern and the Fitchburg roads, at the three points, but it does not disturb in any way the overhead crossing of the Lowell and Fitchburg?

A. No, sir; it does not disturb that at all.

Q. You would not think of disturbing that?

A. No, sir. I was asked by the chairman, at the time of the opening, in what way the Fitchburg road could make a direct connection with the Mystic property.

Q. Will you explain that from the maps, if you please?

A. Up at the Lexington and Arlington road we now have a connection, and can run into that road and come down on the Mystic. That connection is made to-day, but it will probably be necessary to put in a short track of half a mile through the low marsh lands. The connection could also be made here where I now indicate, if it was necessary. And there are a great variety of ways in which it can be made, none of them very expensive. The best way is by the Lexington and Arlington tracks.

Q. Would that increase the distance materially?

A. There are a great variety of ways by which, without any increase of distance, a direct connection could be made.

Q. You have spoken of the advantages of consolidation. If so far as the public interests are concerned or the private interests of stockholders, any objections occur to you to this consolidation, state them.

A. I consider there is no question about either point—either as regards the benefits to be derived by the stockholders, or the benefits to be derived by the public. The public certainly derive great benefit from it in a variety of ways. By the consolidation of the two lines, the combined line would have such a strength that it could, if necessary, assist in building a line competing with the New York Central Railroad to Oswego. And that very fact, I think, would induce the managers of the New York Central line to grant us the most liberal business arrangements. Whereas, if we went to them as a weak line, unable to help ourselves, we should have to accept any terms and conditions they might see fit to im-

pose on the business. The fact is, that with consolidation Boston would secure the elevators and these other improvements, whereas, without consolidation, I don't know of any way she will get them without the State takes hold and makes the improvements.

Q. (By Judge Hoar.) Is this union of these two roads in any way antagonistic to the consolidation on just and fair terms of the whole tunnel route?

A. I don't think that it is, sir. I can't understand the position of the Vermont and Massachusetts here, at all. I can that of the Troy and Boston.

Q. You designed this as a foundation at Boston, for the making of the consolidated line through the Tunnel to the West, and that it was to be operated in connection with that?

A. I did not design anything at all. It forced itself upon me. The matter was suggested to me by Mr. Richardson, president of the Vermont and Massachusetts Railroad, and upon examining the subject, I found so many irresistible arguments in its favor that I had to come into the plan whether I would or not.

Q. Do you now regard it as a proper argument for whatever scheme of consolidation may be carried out?

A. I do, sir.

Q. Do you know of any other way by which every dollar of expenditure shall result to so great an extent in furnishing additional facilities to the public as by this means?

A. I don't know of any way in which they could get terminal facilities by any other means.

Q. Do you know of any way by which every dollar of expenditure shall bring so much of advantage to the business interests of Massachusetts as by the consolidation?

A. I do not.

Q. I will ask you whether, in the Vermont and Massachusetts a considerable expenditure would have to be put upon it to put it in the first class condition?

A. Yes, sir, there would have to be a large expenditure. I have made some figures, but I have not the confidence in them that I have in any other figures. I have not a knowledge of the road except by riding over it, and I may have

made same mistake. I have tried to err, if at all, upon the safe side.

Rebuilding second track from Fitchburg to Ashburnham, 10 miles, I have put down as \$250,000; for the rebuilding of the road from Ashburnham to Parker's Station, 10 miles, I think would cost about \$500,000; and they would save about three miles in length of their road, but as there are other ways in which it can be done, by building five miles and for less expenditure, I have, in order to get near the truth called it \$35,000 a mile, and estimated the whole cost at \$350,000 for that straightening. The second track for the remainder of the road, taking out the three miles, I have put down at \$20,000 a mile, which is \$640,000. For terminal improvements at Greenfield \$100,000; for new engine-house, machine and other shops, I have put down \$200,000; for contingencies, I put in \$160,000, making the total cost \$1,700,000. This statement is for iron rails with no steel rails about it. These expenditures I considered necessary from the knowledge I have of the road. I may be in error in the figures, but I think they are substantially correct.

Q. It is generally accepted by the roads, that some change has to be made in the Vermont and Massachusetts at this end, where it approaches your road at Ashburnham?

A. Yes, sir; I understand that to be conceded by all parties.

Q. The road was originally intended to take some other route, was it not?

A. I think it was, sir, from Ashburnham, but there was some trouble about a reservoir. I don't exactly know what the trouble was. They changed from there.

Q. Have you a computation as to the wear of iron rails, or can you put one in made by the English authorities?

A. I can put one in, but I have not got one here. I don't know what results it gives.

Cross-examination by Mr. Bates.

Q. With reference to the building of the Vermont and Massachusetts. Is it not a fact that its masonry is unequalled by that of any other road?

A. They have excellent masonry. I should think that it

was first-class masonry for a railroad. I don't know but there are some roads that are better ; but it is good enough for all practical purposes. I know that of my own knowledge.

Q. There is a great difference between the Vermont and Massachusetts and the Troy and Greenfield?

A. Yes, sir ; the Troy and Greenfield is not so good a road.

Q. If I understand the figures which you have given here, you say that the difference of saving between your consolidating with the Vermont and Massachusetts and the tunnel route, and your consolidating with the Boston and Lowell, would be \$1,230,000?

A. Yes, sir.

Q. And that there would also be an annual saving of about \$121,100?

A. That is calling it 5 per cent. ; I think it would be a great deal larger than that.

Q. That is what the item I now indicate means here?

A. Yes, sir.

Q. I also understand you to say that it would take \$4,000,000 to get an equipment that would be sufficient to equal that of the Boston and Albany road in addition to this sum?

A. Yes, sir.

Q. Now, in what length of time would it be necessary that that expenditure should be made?

A. Well, sir, I think that this enterprise is different from most any other road that has been started. You have got to enter into competition with the Boston and Albany road at once and present facilities equal to theirs if you expect to get the business.

Q. Your idea would be that it would be impossible, whichever consolidation took place, that all this should be immediately proceeded with, and as rapidly as possible?

A. I think the reasons I have given show that it would be judicious to make all these expenditures at once, but perhaps it might be possible to reduce the size of the elevator for a few years, and then increase it, but it will entail so much additional expenditure that I would not advise it. The final expenditure has got to be a good deal larger. I have not

provided for territory enough to do the business, as it will increase after a term of years, In order to induce business to come here you have got to make these expenditures now.

Q. Have you provided for the amount of business done by the Boston and Albany?

A. No, sir. I merely said that it would cost that amount of money to make our line equal to the Boston and Albany. I have not pretended to give you an estimate of the equipment which was required.

Q. What was the object of the statement?

A. Merely to show you what it would cost to make the equipment of this line equal to the Boston and Albany.

Q. Do you mean that you would want to make it equal to start with?

A. No, sir.

Q. How soon would it be necessary to have that \$4,000,-000 expended in order to make it equal?

A. I can perhaps meet that in another way ; I have figured it over in a great variety of ways. I thought from the best knowledge and experience I could bring to bear upon the subject, that if we were going into these expenditures, and going into competition with the Boston and Albany road that we ought to have fifteen hundred merchandise cars, eight baggage cars, thirty passenger cars and fifty locomotives, which would cost nearly \$2,000,000.

Q. That would be an immediate expense?

A. Yes, sir ; I go upon this principle. I don't know that we shall get the business, but if we do not provide facilities we certainly shall not get it. We take about half the difference in excess.

Q. How long would it take to complete the second track if pressed now vigorously through from Fitchburg to Troy?

A. Well, judging from the governor's address, you have got to rebuild the Troy and Greenfield entirely. I should not want to estimate upon the time that it would require.

Q. You would not get this equipment until you had determined how long it would take to rebuild that road?

A. I suppose you are going to do some business over it at once. The business would come?

Q. If I understand you, you say you cannot tell how long it

is going to take to put a double track down. You don't want a double equipment until you get a double track down?

A. No, sir.

Q. Have you made any estimate so that you can give an intelligent opinion to the Committee as to the time there would be required?

A. No, sir.

Q. You have made no personal examination of the Troy and Greenfield?

A. I have been over most of the road on foot several times.

Q. Have you any idea what it would cost to rebuild that?

A. No, sir.

Q. Leaving that out, how long would it take to build the second track on the Vermont and Massachusetts and the Troy and Boston?

A. You can lay track very rapidly if the work is pressed vigorously. I should not want to make a statement here on the stand about it. If you have money enough and put on sufficient force, you can lay tracks very rapidly.

Q. There must precede an examination of it to see what is necessary in order to put the road in condition to carry the equipment over it?

A. I suppose that a good many of these improvements could be made before the Tunnel was opened if you took hold of them immediately. You would have to commence at once, if you are going to have them ready when the Tunnel is done. That is the theory I have operated upon.

Q. If you should commence immediately, and the Tunnel is done, as they suppose it will be, a year from next July, do you think that the improvements upon the road could be made at that time so as to meet it?

A. I should think a great portion of them might be made.

Q. So that in that idea of it, within a year from this time there would be a necessity of spending \$2,000,000 for the equipment?

A. I think that would be about it. Yes, sir.

Q. Have you built a new freight station for the Cheshire road?

A. Yes, sir.

Q. Whereabouts is that?

A. It is on our long bridge leading to Boston.

Q. Is it shown on this map?

A. It is shown there by the long white space or the bridge leading to our station.

Q. How large is that?

A. It is a thousand feet long and about twenty-five feet wide, I think.

Q. Now, have you not considerable other property near there?

A. Yes, sir; we have a good deal.

Q. Has it not always been your intention, until recently at any rate, that you should build a large freight station there for the tunnel business?

A. We expected to build one on the other side.

Q. How large would you expect that to be, including the Vermont and Massachusetts and the Tunnel together?

A. We have not decided upon its size. We should expect to build whatever was necessary in order to do the business of that line.

Q. You have nearly half a mile in length that you could build on?

A. We can extend these freight-houses about eighteen hundred feet, I think.

Q. Is it not more than that. Is it not nearer half a mile?

A. I think our report shows, and I think it is about eighteen hundred or two thousand feet.

Q. How much larger would that freight-house be than this one that you built for the Cheshire road, supposing it covered that eighteen hundred feet in length?

A. That one for the Cheshire road is one thousand feet in length. This one would be eight-tenths larger.

R. Is that freight-house you have built for the Cheshire road pretty well occupied?

A. It is full, sir. We have got to build an addition to it.

Q. What does the freight consist of. Is it more or less this through freight that comes from the West?

A. No, sir; very little of it. It is local freight from our connections. The total tonnage of our Western freight is only about thirty thousand tons per year.

Q. You have not put out any extensive feelers in that direction, have you?

A. We get all we can. What we do get, don't pay us for drawing it.

Q. Have you not tried to go more largely into competition with the other roads?

A. We have taken all we can get. It comes by Schenectady.

Q. When does it take your road?

A. It comes down the New York Central road to Schenectady, then over the Rensselaer and Saratoga R. R. to Rutland, and then by the Rutland and Burlington and Cheshire roads to Boston.

Q. This states here that those can be extended one thousand feet?

A. That is both of them.

Q. Then you have a route to the West in that way to the New York Central, and from the New York Central to the Rensselaer and Saratoga, and then by the Rutland and Bellows Falls and Cheshire, and that is all the through Western freight that you get?

A. Yes, sir.

Q. Do you get anything from the Vermont Central?

A. Yes, sir.

Q. How does that come?

A. It comes by the way of the Sullivan road down to Bellows Falls. We may get a little Western freight by that line.

Q. How much further along is it?

A. It is a long distance, so much so that we cannot compete with the Boston and Albany Railroad.

Q. What is the difference from Boston to Schenectady by way of the Albany road?

A. The distance between those two places is two hundred and fifty-two miles, if I recollect aright. By the Boston and Albany road it would be two hundred and twenty or thirty miles, somewhere about there—two hundred to Albany, and fifteen or twenty from Albany to Schenectady.

Q. You know something of the Union Railroad Company, do you not?

A. Yes, sir.

Q. How much of that is built?

A. I think a considerable portion of it.

Q. It is now being built, is it not?

A. I believe it is.

Q. Does not that contemplate connecting all the principal railroads with all the wharves of the city?

A. I think that it does, sir.

Q. If that plan is carried out, can a very large amount of the freight brought over your road from the West be taken by the Marginal Railroad without change of cars and carried to almost any road in the city of Boston?

A. A good deal of freight will come from the wharves and take our road. I don't think any large quantity will go from our roads down on to the wharves. I don't think it is an economical way of doing business; that is my belief about it. I don't know what the plan is.

Q. Suppose that Mr. Vinal sends down twenty cars of grain, and he has a wharf that your road connects with and that the Marginal road connects with, and he has warehouses on the wharf?

A. It could be done, but very few people have such facilities.

Q. Supposing these gentlemen who have interested themselves in getting up this Marginal road, and Union roads had carried out their plans and put elevators on the different wharfs of the city, and having their freight there, would not that remedy the necessity for great terminal facilities?

A. I suppose if you had a good elevator connected with this Marginal Freight Railroad, a reasonable arrangement could be made for carrying the freight over it. It might operate to a certain extent, but there are a good many contingencies connected with it.

Q. How much of that is built?

A. I think a good part of it.

Q. It is open from the Old Colony to the Maine, is it not?

A. You know better than I do.

Q. Your wharf connects with those eight wharves and that one in the brown color on the map is the only one that is owned by you?

A. Yes, sir. Then comes Mr. Gage's then Mr. Damon's, then Gray's, now owned by Mr. Hittenger, and then the Tudor's. The sixth is the Tudor's. The tracks are connected with all of those wharves. The ice business is done on Gray's wharf, Gage's wharf, and Tudor's wharf.

Q. What is the amount of tonnage of ice that is shipped from those wharves?

A. Our annual report, I think, shows it is one hundred and sixty-four thousand tons. That is the whole amount brought by us during the year. It includes both the shipping ice and the local ice business.

Q. What amount is shipped and what amount for local uses?

A. I cannot tell.

Q. What other business is done on the wharves?

A. There is a great variety of business done. On Damon's wharf there is not so much done in connection with the railroad. They have to do a general storage business. There are occasionally cargoes of iron and other material brought up there, and taken by the railroad. The first wharf is used for ice exclusively. The second is Damon's, used for the storage business, and the Hittenger's where there is some railroad freight, but a good part of it is for the ice and salt business. The next wharf is Tudor's which is used exclusively for the ice business and for his East India business. The next wharf we don't have anything to do with. It is used exclusively for the Tudor business, their Rice Mill, or something of the kind.

Q. Have they not a part of their Gunny Mills there?

A. There are three or four mills.

Q. Is there any special reason why those should be there? Could they not as well be carried on somewhere else?

A. I don't know. They determine that I suppose.

Q. (By Mr. George.) Are you allowed to connect with those wharves by your locomotive?

A. We can run down with the locomotive. But it is impossible to get the locomotives on the wharves, the curves are so short.

Q. Which of those wharves are rented to any one?

A. The two lower wharves belong to the Fitchburg road, and are rented to Mr. Knights, coal dealer.

Q. What is the mode of rental?

A. I cannot answer that directly, but will state the circumstances. We bought the wharf some three or four years ago for \$125,000.

Q. How many feet of wharfage is there?

A. I think there are 130,000 or 140,000 feet of land and docks. That was several years ago. It was when Mr. Oakman was very desirous of selling the wharf, and made a condition that if we took it at that price, we should lease it for a certain time; the first year at six per cent., afterwards at seven and three-tenths per cent. on the cost. He immediately sold out his lease at a large bonus, and it is in the hands of those people now; we can lease the wharf for a great deal more money than we are getting for it. The lease expires on the 13th of March. We gave them notice a year ago that it would expire then. We had the right by giving a year's notice in the month of February to terminate it at any time, and we terminated it.

Q. The bonus that the party gave was a bonus for only one year?

A. He has had it for several years I believe. I don't know that we had made any contract, but I considered that we ought to let these parties have it until we wanted it for railroad purposes. We terminated the lease with the idea that we should want it for railroad purposes.

The wharf next to that is Gage's wharf, and belongs to Messrs. Sawyer & Lyon.

Q. Do you know what the size of that wharf is?

A. No, sir.

Q. Do you know what it is rented for?

A. No, sir.

Q. Don't you know what any of them are rented for?

A. No, sir; all those other wharves are owned I think. The Damon wharf is owned by the Damon estate. The Hittinger wharf is owned by Mr. Hittinger, and the Tudor wharves are owned by the Tudor Ice Company. Mr. Hittinger bought his of Russell and Huntington.

Q. Do you know what that cost a foot?

A. No, sir ; I don't know anything about it.

Q. Is there anything rented on that territory at a rate of more than seven per cent. of one dollar and fifty cents a foot?

A. I don't know. Ours is not ; I don't know what the rent of Gage's wharf is.

Q. Is it not true that all the parties connected with those wharves have considered it as poor property, and have been glad to lease it at low rates?

A. I have been trying for several years to buy one and I could not get a price named for it. This property has nearly doubled in value within three or four years.

R E P O R T

OF THE

TWELFTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

FEBRUARY 20, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

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1873.

TWELFTH HEARING.

THURSDAY, February 20, 1873.

TESTIMONY OF WM. B. STEARNS.—(Continued.)

Q. (By Mr. Bates).—We were speaking yesterday of this Cheshire station. If I understand it, this freight-house here (indicating on map) is now used for the Cheshire road, and that you say is one thousand feet?

A. That is one thousand feet.

Q. Then there is a street that comes here?

A. Yes, sir.

Q. And then here is room for another freight-house of one thousand eight hundred feet?

A. Yes, sir.

Q. And this water can be made useful by dredging? How deep is it now?

A. It is about fourteen feet now.

Q. There is no trouble in dredging it?

A. There is no trouble in dredging it.

Q. There would be this disadvantage. You would have two bridges to go through to get to the ocean?

A. I cannot answer the question. I don't know what use you intend to make of the water.

Q. Was it not the general understanding that that would be for the use of the tunnel road, and that that was reserved,—that this street here, and this freight-house left here for the Cheshire, and that, be designed for the tunnel?

A. There was no understanding. I have told them, and it has been my belief and intention that it should be used for that purpose,—for the Vermont and Massachusetts and the tunnel freight.

Q. If I understand you, you own to here? [Indicating on map.]

A. Yes, sir.

Q. So in reality (when you spoke about the half a mile I did not exactly understand it) you can extend that nearly half a mile, can you not?

A. No, sir; from here to there is one thousand feet. That house is very narrow and the trains are on the outside of it. This street can be carried up here in that way one thousand feet further, and the freight-house carried on each side of it, and here we would have one thousand eight hundred or two thousand feet.

Q. On the water?

A. No, sir; only one thousand feet on the water.

Q. Then you could extend back the two freight-houses here, but not with water accommodation?

A. Yes, sir.

Q. You will have water accommodation for one thousand feet, and only for that?

A. I do not intend to use the water at all for that freight-house. I should abandon the water-front for that. It would not be used for water-borne freight at all.

Q. There would be no question but that it could be used for that, by dredging out there?

A. No, sir; it could be done.

Q. When you were talking in reference to the consolidation, or in reference to doing the tunnel business, whether that is not the place you proposed to put the freight? [Indicating on map.]

A. Not at all.

Q. Where did you propose?

Mr. Stearns pointed out the location and said:

A. You could not get large ships to go through draws. I meant this for local freight. We had before our fire a very large freight-house here, that covered several acres, and there is now a temporary house there. This house was built here with the intention (everything we have now got is filled up) of building a house along here, as we developed.

Q. Have you the right to fill that up?

A. No, sir; we have a right to fill up to there. You will see a dotted line there. We have a right to fill in to there.

Q. Whereabouts does the Grand Junction connect with this?

A. Here, sir; those two lines here. The track is not shown for fear it might confuse matters to show so many tracks.

Q. Where does the track go?

[Witness points out on map.]

Q. About what is the distance over your road to the Grand Junction wharves by the Grand Junction road?

A. I set it between five or six miles.

Q. It is about nine miles from where it leaves the Worcester road to the Grand Junction wharves?

A. Yes, sir.

Q. They have not gone quite half way?

A. I think it is about four or five miles.

Q. Do you know what accommodation they have at East Boston,—how much land there is there?

A. I think I have heard somebody state here, thirty acres. I do not know of my own knowledge.

Q. Isn't it about forty?

A. I don't know. They have a good deal of room there. I do not know what the number of acres is. I believe they have increased it. I have their report in my pocket. I don't know but it shows the number of acres. [Reads.] "At this point (East Boston) we have added 127,534 square feet to our freight storage accommodation."

Mr. Bates. I don't know how much there is, but I believe there are about forty acres.

Q. (By Mr. Bates).—The Boston and Albany have one elevator and are erecting another?

A. They have one on the Back Bay lands in Boston here that has a capacity of 500,000 bushels, and they have one building in East Boston that will hold a million bushels.

Q. The one at Boston is for local business and the one at East Boston for shipping?

A. Yes, sir.

Q. They have deep water accommodations there, have they not?

A. I presume so ; I don't know.

Q. I thought you might be familiar with it?

A. I believe they have deep water there.

Q. All their export freight would leave their road in Brighton?

A. In that vicinity.

Q. And then they go nine miles round to this point?

A. Yes, sir.

Q. Are you aware that the Boston and Albany have some fifty acres of flats at South Boston?

A. I knew they had some flats.

Q. That are being filled now?

A. Yes, sir.

Q. Are you aware they have had two routes granted them by the legislature to extend their tracks to those fifty acres?

A. I knew they had some legislation about it. I have not gone over it.

Q. If it should be filled, and either one of these tracks be extended, there would be a great saving of distance in going to South Boston, rather than nine miles to East Boston?

A. If they should be filled, and a road be built, I don't see why it would not be a shorter distance.

Q. Would there not be a vacancy in that Grand Junction property in East Boston?

A. I don't know.

Q. If there should be a vacancy, that would be sufficient to accommodate the tunnel business?

A. If that was vacant, and the line owned it, it would be sufficient undoubtedly.

Q. (By Mr. Choate).—Will you please tell us why the Fitchburg road cannot use the Lowell depots without consolidation? Why cannot all this thing be done just as well under the law for connecting roads as by consolidation?

A. I don't think we could get along at all, unless we had a mutual interest, running into that depot.

Q. Why?

A. I don't know why. I don't think we could.

Q. I should like to have you explain why?

A. I think there would be conflicting interests. Either the Lowell or Fitchburg road would have the control, and there would be dissatisfaction and conflict all the time. It would be like mixing oil and water together, competing as we do at different points. There would be trouble about the sale of tickets, about the accommodations furnished. There would be trouble between the subordinates whether there were differences between the managers or not. You would have to give the control of the whole station to somebody else, and let them control it. Railroads having competing interests could not harmonize so as to enter one station and use the same ground. If their interests were mutual they could, but if their interests were divided they could not.

Q. That is, if there were conflicting interests?

A. If the interests conflicted; yes, sir.

Q. Explain to the Committee how the Northern line could come in and use the depots, if they have, in harmony with the Fitchburg road?

A. I have not interested myself about the Northern line. I don't know anything about them.

Q. Do you think they could?

A. I don't know anything about it.

The Chairman.—Do you mean to include the Eastern road in your question?

Mr. Choate.—No, sir.

Q. (By Mr. Allen).—Do your returns to the legislature and the state officers show correctly the cost of your property?

A. Well, sir, I suppose our property has cost more, a great deal, than is returned, if that is the question.

Q. How much more?

A. I could not tell without computation. It has cost more than the amount of our capital. Our construction account was about \$3,900,000, and our capital was \$3,450,000. We charged off and reduced the construction account to the amount of our capital. Within the last year or two we have spent a large amount of money, and have increased our capi-

tal to \$4,000,000, and made our construction account stand the same.

Q. Your road in the returns to the State is put in as costing \$3,503,371?

A. You are mistaken,—\$4,000,000.

Q. I am speaking about the construction account. I believe I am right about the items. Where the returns are made up to the State, the road is put in—

A. That is, independent of the equipment?

Q. Yes, sir.

A. That may be.

Q. Does that represent the cost of your road correctly?

A. It is probably less than the actual cost of the material.

Q. Can you tell how much the road has cost,—how much that item should be to be correct?

A. The way we keep our accounts, we have charged, undoubtedly, a good many things to expense. We have had no construction account open. We have had nothing to charge off to; any expenditures that we might make have had to go into the expenses.

Q. They come out of the earnings and are charged to expense right along?

A. We have had to do that, for we have had no construction account that we could charge off anything to, to reduce the value of our stock.

Q. Your equipment is put in at \$560,000. Does that represent the full cost of the equipment?

A. The equipment has been kept in the same way. All our improvements have gone in as expenses.

Q. Has your equipment cost more than \$560,000,—what you have?

A. It is worth a good deal more than that to-day.

Q. I want to know whether it has cost more.

A. We have not charged any more than that to it.

Q. Has it cost more?

A. We don't charge it for equipment. If we have new cars,—if we add ten, twenty, or thirty cars,—it has gone in as expense, and has not increased the equipment. If you ask whether the value of our equipment is more than what is represented on the books, I say yes.

Q. How much more?

A. I can tell by figuring it. Everything we have got is in good condition, and the prices can be readily ascertained.

Q. Is it worth a million dollars?

A. I should not want to say without figuring it out. Our engines are worth certainly \$10,000 apiece, and our cars \$600, and so on.

Q. How many engines have you?

A. Thirty-eight engines.

Q. I will go back to the question you did not answer, and that is, whether your equipment has cost more than \$560,000? I am not speaking of it as a matter of book-keeping,—how you charge it,—but whether you paid more than that in money for it.

A. Undoubtedly; that is, with the explanation I have given, that we have had nothing to charge our equipment to but expenses.

Q. You have paid more money for it than your account shows?

A. Yes, sir.

Q. Then your property purchased is put down in the returns to the State as costing \$227,503. Would that represent all you have paid for your property purchased?

A. I do not recollect what that property is. Is it enumerated there?

Q. No, sir; it is not. It is put down as property purchased. I suppose it means land.

A. I think that all the purchases that have gone into that account have been made within the last year or two. It includes those wharves I spoke of.

Q. Does it include your depot?

A. Which depot?

Q. The Fitchburg, down in Boston?

A. No, sir; that is in the cost of the road. It does not include anything used for railroad purchases. I do not think I can tell exactly what the items are, but I think it only includes those that we do not regard as necessary for the uses of the road.

Q. According to the returns, you state your total investment as \$4,290,874. I want to know whether that represents

the total investment that you have made in your Fitchburg Railroad Co., in property?

A. I don't know as I understand the question.

Q. Is that all the money you have paid for the property you have?

A. That represents all that is shown on our books as paid, and I have no business to go behind them.

Q. I want to know whether your books are right?

A. Yes, sir.

Q. They are right?

A. Yes, sir.

Q. You mean to say that does represent the amount you have paid for the property?

A. We call the balance that is paid, expense.

Q. That is on your books?

A. That is on our books as expense. It is all there.

Q. In order to get at how much has been the money which you have actually spent, for your road, for equipment and for the property which you have, it would be necessary to take your accounts for the last twenty years, and look over the account of expenditures, and see how much has gone in there, that came out of the earnings, and has been put into expenditure, would it not?

A. I am perfectly willing to answer the question frankly, if I can do it. I will state this: I suppose if you take our road for a series of years, and were to consider everything which we have carried to expenditures, that we might have carried to construction, it would amount to quite a large sum, and would increase our construction account by a considerable amount.

Q. Would you be willing to recognize this amount that you return to the State, under oath, as your investment,—\$4,290,000,—as the total cost of your road?

A. No, sir, I would want about double that.

Q. Is that the usual way in which railroad books are kept?

A. I am afraid a great many of them charge in almost everything to construction, and don't carry enough to expenses.

Q. (By Mr. Hoar.)—I believe your road, the first five or ten years of their existence, took the other kind of book-keeping, and run ashore?

A. I believe they did.

Mr. Abbott.—They paid 10 per cent. dividend, but had to lay up three or four years and pay none.

Q. (By Mr. Allen.)—You think your investments have come to much more than this sum you represent here?

A. Our books don't represent anything but that amount.

Q. You think that the cost is more; and the value is more?

A. Yes, sir.

Q. When you show in your report here to your directors, your assets as amounting to \$4,540,000, you would not be willing to recognize that as the value of your property?

A. Well, sir, it is all a matter of record. In the report of last year, I think you would have found an answer to the questions you have asked me. If I recollect right, the commissioners ask in the report, how much we had spent in permanent improvements over and above expenses. And the answer to that was, over \$1,000,000.

Q. That you had spent over \$1,000,000 of your income; that is the answer you made to it?

A. Yes, sir.

Q. So it would make it \$5,290,000, instead of \$4,290,000, that you have spent?

A. Yes, sir, over that sum.

Q. I want to ask you one question more, and that is this: I want to know whether your road employed Mr. Derby, last year, to make the address which he made before the committee on the question of consolidation last year,—before the Hoosac Tunnel Committee?

A. No, sir, we did not. I talked with Mr. Derby before the hearing, and I found he was inclined to go for the New York line, and I was not inclined to go for it; and, therefore, he appeared for the New York line, and I appeared for the Fitchburg road.

Q. You did not employ him to make the address he made at the time?

A. No, sir.

Q. (By Mr. Thomas.)—You did appear yourself before that committee?

A. Yes, sir.

Q. (By Mr. Allen.)—Mr. Derby stated to the committee substantially the plan which is embodied in this bill, did he not?

A. No, sir, I think it was a different plan.

Q. In what way was it different?

A. I think it contemplated, solely, the consolidation of the Vermont and Massachusetts, and the Fitchburg, and the right to take the Troy and Boston afterwards. It provided also something about taking the tunnel, but did not provide for any independent road to Boston, or anything of the sort. I adhere fully to everything I said at that time.

Q. You do?

A. Yes, sir. I don't know whether it is reported properly there or not.

Q. Mr. Derby at that hearing stated substantially that the Fitchburg road had been making for years, preparations for the coming in of the tunnel business, in the way of terminal facilities and otherwise. Did you hear that statement?

A. Probably, if he made it. I was there all the time.

Q. Was anything said against it?

A. I only said a few words.

Q. Was that true that you had been preparing for the coming in of the tunnel business in the way of terminal facilities and otherwise?

A. We have been making improvements.

Q. You have been preparing in the way of terminal facilities and otherwise?

A. Whenever we could get an opportunity of increasing our terminal facilities we have done so, and with a view to the tunnel business that would come upon us; but not with a view to consolidation.

Q. It will come upon you whether you are consolidated or not?

A. We presume so.

Q. That is the business that comes down on this line?

A. Yes, sir.

Q. When did you change your views on the subject?

A. My views on what subject?

Q. In relation to doing the business of that line as a distinct line, whether consolidated or not?

A. I don't know how I have changed my views.

Q. You have not modified your views?

A. No, sir, not at all, from what I stated at that meeting.

Q. Was anything said at that meeting in relation to a consolidation with the Boston and Lowell road?

A. Yes, sir, I have changed my views so far as that goes. (I don't know what you have before you in the newspaper, but I think I recollect what I stated at that meeting.) I appeared before that committee and I told them that we favored the general idea of consolidation, but would wait until the bill was presented, and then present any objection we might have to the bill.

Q. When Mr. Derby made the statement in substance, that the Fitchburg road had been looking forward to the running of this as a separate line, and had been making preparations for it, you heard the statement and said nothing about it?

A. I heard a great many things said by counsel that I did not trouble myself about. I don't recollect the statement made by Mr. Derby, but we have been making preparations for the tunnel business, and have expended a good deal of money in anticipation of that business.

Q. I want to ask you, if these terminal facilities were here in Boston, why you didn't go into the purchase of them to some extent? How does it happen, if you anticipated this business and were making these preparations, and you had not got the facilities that you saw would be required,—why didn't you take some pains to get them?

A. Everything was unsettled about the line and our attention was turned to property in another direction. You allude now to this Mystic River property?

Q. Any property that would answer for that purpose?

A. We bought those wharves down near the navy-yard with a view to the additional business. We erected our cattle-yard. We spent nearly a million dollars and got about as far as we could go.

Q. And as far as you thought it was necessary?

A. As far as we thought advisable under the circumstances. We calculated the cost of it and found it was going to cost so much that we stopped going any further. We did at one time intend to erect elevators on those wharves and found we had not got room enough to do anything and stopped.

Q. You say that you could not use the station in common? Suppose you were to combine with the Eastern, and you were to take the Eastern's station,—is the whole difficulty in the way of the use of a common station by those two roads a matter of quarrel between them?

A. No, sir; there may not be any quarrel. I don't think you could have two roads, running as the Fitchburg and Lowell do, run out of the same station; one or the other of them would suffer in their business.

Q. There is room enough to do that business, and to assign different parts to each corporation?

A. I think there is room enough.

Q. If you combined the Fitchburg and Eastern they need not use the same ground?

A. I have not considered it in connection with the Eastern.

Q. (By Mr. Thomas.)—I think you said the president of the Vermont and Massachusetts first suggested the consolidation of the Lowell and Fitchburg to you?

A. Yes, sir.

Q. That brought it to your mind and you were convinced of the expediency of it?

A. Yes, sir. (To the Committee.) If we had increased our capital we could not have paid our dividends. The only way we have been successful has been in keeping down our capital stock.

Q. You say you keep no construction account? Everything you spend goes into expense?

A. We have had, previous to 1871, no construction account open for thirteen or fourteen years.

Q. Then this statement would not represent the cost of your road?

A. It would not, sir.

Q. How is it in regard to the equipment account?

A. The same way.

Q. If you buy \$100,000 worth of cars, it would go into expense?

A. Yes, sir; there has been about \$460,000 added in equipment and various other matters within a year or so.

Q. Is that the usual way of keeping railroad accounts?

A. I think that the Boston and Lowell, and most of the roads in our line, are kept the same way.

Q. They don't increase their valuation?

A. No, sir; I don't think they do.

Q. Is it not the fact that the increase of cost is equal to the wear and tear, as a general thing; or is the equipment worth a good deal more?

A. I think a large amount of our additions would only serve to cover the depreciation. But we have undoubtedly added largely to the value of our property, both as to the road and the equipment.

Q. If the State should take the road at cost, would not the representation which you make in your books be the cost?

A. We represented to the commissioners last year, in answer to their questions, that the additional cost was over a million of dollars. It was in the last report that was issued, not the one for this year.

Q. You gave in detail the amount you thought would be necessary to expend to put this consolidated road into good condition; what is the total?

A. You mean of the consolidated road?

Q. Yes, sir.

A. My figures are very rough. I have not undertaken to give them very accurately. I have something of the kind here, but they were merely for my own satisfaction.

Q. Taking the equipment and valuation of the Troy and Boston, the Fitchburg and the Vermont and Massachusetts, making a first-class line to the tunnel,—how much do you estimate it?

A. I don't think I have got it large enough. I put it down for my own satisfaction. I said the improvements on the Fitchburg and Vermont and Massachusetts Railroads were \$3,740,000,—that is for the terminal facilities of the Fitchburg and the improvements of the Vermont and Massachusetts road. Then there are $84\frac{1}{2}$ miles of road left. I thought it

would cost about \$20,000 or over \$20,000 a mile for a second track, etc., which made \$1,790,000; and made a total of \$5,530,000. Then if you add an equipment equal to the Boston and Albany road, that would make it \$9,958,000 for the improvements on the line and the equipment. The capital and debt of the roads as they stand to-day is \$11,401,111 and the improvements would be \$10,000,000, so it would be in round numbers \$21,000,000. That would be the necessary capital, not including the cost of the tunnel.

Q. Adding the tunnel, on the estimate that the tunnel cost \$12,000,000, would make about \$33,000,000?

A. Yes, sir.

Q. Do you think that is a sufficient amount of capital for the whole line?

A. I have not turned my ideas at all in that direction.

Q. (By Judge Hoar.)—Is there not the Boston and Troy in addition?

A. Yes, sir.

Q. Is that in your calculation?

A. Yes, sir; but not the Troy and Greenfield, nor the tunnel; and excepting the \$20,000 a mile for second track, &c., nothing is allowed for other improvements on the Troy and Greenfield, and no capital is represented for the road or tunnel.

Q. You think that \$35,000,000 of capital would be sufficient, taking the cost of the tunnel?

A. I would rather not commit myself to any figures on the subject, because I have not been estimating about matters on the lower part of the line, and have not thought of any matters beyond the Troy and Greenfield road.

Q. And have not got as far as the tunnel?

A. No, sir.

Q. You spoke about calling the tunnel twenty miles?

A. I have the contract with me, if you would like to look at it.

Q. I was going to ask you, whether that would be a fair estimate to call it twenty miles of a through line? I suppose that was the basis on which the contract was made?

A. This contract was made between the Western Vermont, Troy and Greenfield, Troy and Boston, Vermont and Massachusetts and Fitchburg roads, and provided for a *pro rata*

division of rates of freight; and in that division the tunnel was to be estimated as fifteen miles in addition to its actual length. That made it twenty miles in length, and I suppose they considered it a fair division.

Q. In making that contract was it intended to have a double track? It would make a difference whether you had a double track through the tunnel, and a single track immediately this side of it?

A. I would make a difference in the convenience of working and in the cost.

Q. Was it calculated there would be a double track?

A. I cannot tell you. I don't think it is stated in the contract.

Q. That would make a difference in calling the tunnel twenty miles?

A. It would make it more expensive; but four or five miles of track through the tunnel in comparison with its cost, would be trifling.

Q. Whether it would make a difference in calling the tunnel twenty miles, whether you had a single track west of the tunnel, or a single track east?

A. I don't quite understand the question.

Q. In making up the calculation whether you call the tunnel twenty or thirty miles, would it not make a difference whether you have a double track line to the tunnel on both sides?

A. Yes, sir; I think it would.

Q. You don't know whether in this contract it was anticipated to make a double track through the tunnel?

A. No, sir; I imagine it was a single track.

Q. (By Mr. Parker.)—In reference to the tracks that are now laid down; that will be taken up under the new arrangement?

A. [Indicating on map.] This track from that point to that should be taken up, where this line goes off in that direction.

Q. The freights will run substantially as they do now?

A. Yes, sir.

Q. And the present crossings will have to be made the same as they are now?

A. Yes, sir; very nearly. This one [indicating on map] will come up entirely; that one is obviated entirely; this one remains in; this one comes out. I don't see why that one should not come out.

Q. So it takes out two sets of crossings?

A. Yes, sir.

Q. The other sets would remain in?

A. Yes, sir.

Q. The wear and tear of rolling-stock would be the same in the crossings?

A. You would save it on passenger trains.

Q. On freight trains it would be substantially the same?

A. Yes, sir. That crossing would remain; that would come up. You would save two out of three.

Q. (By Mr. Choate.)—Don't you put in a new one where the Eastern crosses the Fitchburg?

A. That is supposed to be the Eastern line; and that would be operated by switches, leading the freight down there to this point here [indicating on map]. The passenger trains on the Eastern would come in this direction, and go over here. Our freight train would come in as they do now; and, by altering the switches, would be brought down here. I don't think any crossing there would be advisable or necessary.

Q. In the estimate of your property how many acres have you?

A. We have thirty acres, I believe, in all.

Q. What proportion of that is that which has been filled and piled?

A. I don't think I could tell you. I could point it out. [Indicating on map.] That is a bridge; that is a sea-wall; all outside of that sea-wall, to this point up to about here, is all piled. A part of this down here is all piled; part of that is all piled; this strip opposite on that line there is on piles; there is a small proportion of it on piles—perhaps one-fifth part.

Q. Has that property been purchased of private parties or not?

A. No, sir; not all of it.

Q. How much came from the State?

A. [Indicating on map]. Nothing but this, sir.

Q. How much did you pay for that?

A. Nothing.

Q. How much did you put into the valuation? Did you call it nothing?

A. We have not added anything to our valuation.

Q. You testified that under the arrangement between the Fitchburg and Boston and Lowell roads, their properties were to be valued. Was that property to be part of the valuation?

A. Undoubtedly.

Q. And would be put in at nothing, or the cost of construction?

A. No, sir.

Q. It would go in as if owned in fee?

A. Yes, sir.

Q. Whether you have any objection to selling your road to the State?

A. Not at all.

Q. You would be willing and ready to sell it, and name the price at which to sell it?

A. I don't think I could do it. I have no authority.

Q. What is your opinion about the wishes of the stockholders? Do you think that you could get that authority?

A. If the State took it according to law, I don't know as they could complain at all. I think it would certainly be one way to solve our difficulties.

Q. If the State were to take it according to law, in your opinion, do you think the Fitchburg would be as ready to treat with the State as with the Boston and Lowell?

A. If I was to call a meeting of the stockholders they might authorize a committee to agree upon a price. But I don't think it would be possible to get the stockholders to agree upon a price?

Q. They have not taken any action of that kind yet?

A. They unanimously voted in favor of consolidation, and to authorize the directors to make an arrangement with the Boston and Lowell and other connecting roads.

Q. Has this Northern line of road a natural outlet to Boston over your road?

A. It is open in both directions over our road and the Boston and Lowell.

Q. Which is the preferable route?

A. The Boston and Lowell get the business.

Q. Ought they to get the business now under all the circumstances?

A. I think their distance is shorter, and their grades are better.

Q. So that the natural outlet of what is called the "Northern" system of railroads is over the Boston and Lowell road?

A. I presume so.

Q. What is the natural outlet of what might be called the tunnel system?

A. I think that should go over the Fitchburg road.

Q. That is the natural outlet of that?

A. Yes, sir.

Q. Suppose the Northern system of roads and the tunnel system to be both in operation, would they naturally be competing roads at all? If the tunnel was done, and the tunnel system in operation, would the tunnel system and Northern system be competing systems?

A. I don't think they would to any great extent.

Q. They would compete for the Western freight to a certain extent? They bring their freight by way of Ogdensburg by steamer?

A. I am not familiar with the Western freight business. We only have about thirty thousand tons a year.

Q. It is possible for the tunnel road to come into Boston over the Boston and Lowell, and also over the Massachusetts Central?

A. Yes, sir.

Q. In your opinion, as a railroad man, will a line of roads not terminating at the seaboard, and having business which seeks an outlet at the seaboard, be able to make better and fairer terms for bringing its business there if it has more than one road to get that business to the seacoast?

A. I think the competition on this freight would be beyond our lines.

Q. That is hardly answering the question whether a sys-

tem of roads terminating not at the seaboard but having business which it wishes to bring to the seaboard will be enabled to get better terms for the business if it has more than one road over which the business can go to the coast? Whether the competition will enable it to get better rates?

A. I think it might for a time, but eventually it would make no difference. That has been my experience.

Q. So if you owned a system terminating at Fitchburg and your business was to bring grain from the West, you would as lief there would be but one way to get your grain into Boston?

A. I don't know but I should like two.

Q. Suppose on the other hand, you enlarged your operations and owned two systems of railroads, running from the West and both aiming at Boston, and that at a certain point, some little distance from Boston these two systems of roads substantially came together, * * * *

suppose a proposition was made to consolidate those two systems into one, would you think it your interest to oppose or favor that consolidation?

A. Circumstances alter all cases. Generally, I admit, that if you have two competing lines, one is very apt to keep the other in better order than it would otherwise be. But in this particular case, what I look at is the advantages to be derived at Boston, and by Boston, by the consolidation.

Q. I understand you then to say, in substance, you would not, situated as I have supposed, feel yourself bound to advocate consolidation?

A. Everything being equal, and both lines having proper terminal facilities, I don't know that I should.

Q. Then suppose you had in Boston very large terminal facilities,—that is, using that phrase in its common acceptance,—and no road to use them,—that is, you had them for sale; suppose, also, that another person had terminal facilities which were somewhat inferior to yours, but on the whole not to be despised, and that there were two persons, or two parties capable of making use of them, and ready to bid against each other for them,—would it, in your opinion, be for the interest of those two owners of terminal facilities to

consolidate? Would they be able to make better terms for terminal facilities?

A. I don't know, sir; I only know in regard to our special case. I cannot answer in regard to the case you have supposed, because there are so many things to be assumed to get a clear understanding of it.

Q. You would not be clear whether it would be better for those two owners to combine, or not?

A. I should want to know all the facts in the case.

Q. Suppose the State to be interested in having all these competing lines kept open, would it be wise to tie two ends of two of them together?

A. That depends upon what the true interests of the people require.

Q. What is your opinion as to the true interests of the people?

A. I think it will make a better and more effective line, giving the public better accommodation, and be more to the advantage of the stockholders and everybody concerned, to consolidate the two lines. I have but one opinion in regard to it and I have expressed it as strongly as I can. I believe in it thoroughly.

Q. Suppose the Fitchburg had the terminal facilities of the Lowell, would they then wish to consolidate?

A. If we had ample facilities and capital to afford to make these improvements, I don't think we should. What we desire to consolidate for, is to obtain terminal facilities,—the gain we make is in that direction, and in avoiding some conflict of interest in other quarters.

Q. (By Mr. Codman.)—What other conflicts of interest are there?

A. At various points: the Lowell are in a condition to threaten a connecting line with the Vermont and Massachusetts Railroad, at Fitchburg. It is not certain, even if the lines are not consolidated, but what the business will come down over the Lowell road from the tunnel.

Q. (By the Chairman.)—It is terminal facilities and capital that you seek?

A. Yes, sir; strength to make these improvements, and territory to make them upon.

Q. You have no doubt about being able to get the necessary capital, if the two lines are consolidated, to carry out this scheme?

A. I think we can do it by consolidation with the Lowell, but not without.

Q. Did I understand you to say, if there was no consolidation, that the business might come over the Lowell?

A. I think if they bought up the Vermont and Massachusetts stock they might make a connection with that road, if they got a charter from the legislature.

Q. That is the only way?

A. Yes, sir.

Q. (By Mr. Hoar.)—They have got, already, a charter from the legislature as the Middlesex Central?

A. I did not know they had any to extend to Fitchburg.

Q. It is to Groton?

A. They have a line, via the Massachusetts Central, at the present time.

Mr. Abbott.—The general Act authorizes anybody to connect with any other corporation.

Q. (By Mr. Parker.)—Would there be any objection on the part of your road, and the Boston and Lowell, to the insertion in this bill of a section which would provide, that upon any consolidation, and as part of its terms, contracts should be entered into, with roads west and south of it, that the consolidated company would give reasonable and equal terms to all roads bringing freight and passengers to it?

Mr. Stearns.—We should desire to do so. It is for the interest of the consolidated line to do all the business they can. They must do a large business if they expect any income.

Q. You understand that the law is, that you shall not charge any more for the same quality of freight on the short business than on the through business?

A. That is, that we shall not charge a greater amount on freight stopping short, than we do on through freight? I understand that.

Q. Is it the intention of the tenth section of the consolidated bill to change this law in reference to this consolidated line? [Reads the tenth section:]

A. I should think that carried it with it.

Q. Is there any implication that when it is discharged more than thirty miles from Boston, there shall be some other rule?

A. I don't think it would be understood so. I think if they brought it within thirty miles of Boston, they would not be allowed to charge more if it was brought any shorter distance than that.

Q. Would there be any objection to the general law, that they shall not charge more within thirty miles of Boston?

A. The general law provides that there shall not be a greater sum charged for the less distance.

Mr. Abbott.—We are content that the general law shall apply. I don't recollect when the general law was passed.

Mr. Parker.—It is a provision that was in the old law?

Mr. Abbott.—Yes, sir.

Q. (By Mr. Abbott.)—One of the Committee desired me to ask you if you had any estimate of the expenses at crossings?

A. The expense amounts to thousands of dollars a year. I think at one of these level-grade crossings, it amounts to three or four thousand dollars a year.

Q. The same to all of the roads?

A. Yes, sir.

Q. What would that cover?

A. I put it within bounds. I have made some figures upon the subject, but cannot recollect them exactly. It would cover the wear and tear caused by the strain to the machinery in passing over the frogs; this, and the wear of the wheels, would be the principal thing, with some fuel added where we have any grade.

Q. But not covering any additional risk?

A. No, sir.

Q. I want to ask you (and that, also, at the suggestion of the Committee) whether the plan you have introduced here, of saving the stopping of passenger trains would remedy the substantial evils; that is, whether the crossing of the freight trains would be anything compared with the stopping of the passenger trains?

A. No, sir. There is not near the same number of them, the freight trains are obliged to stop; and they could come under different regulations from the passenger trains.

Q. You could regulate all your freight trains at such times that they should not come when passenger trains were passing?

A. Yes, sir.

Q. So you could obviate the evils and the risks to a great extent?

A. Yes, sir.

Q. Did you understand that Mr. Richardson, of the Vermont and Massachusetts Railroad, was in favor of this scheme when he suggested it to you?

A. Yes, sir. Perhaps I ought to say that Mr. Richardson, in conversation yesterday, told me when he spoke to me, he meant to have the whole line.

Q. (By Mr. Thomas.)—Is there any difficulty in making a voluntary arrangement between these corporations to avoid these crossings?

A. I think it is almost impossible, unless you consolidate the roads.

Q. Why?

A. Because we could not work our passenger business together with the Boston and Lowell.

Q. Suppose the legislature ordered you to do so?

A. They would have to manage the station.

Q. This might be done if they would allow you to consolidate the Boston and Lowell and the Fitchburg Railroad, but it could not be done by any voluntary arrangement?

A. I don't think it could be worked successfully. I should not want our trains running in on another road, controlled by another party, and I should not want them if I owned the road.

Q. Take a depot like the Union depot, at Worcester?

A. That is not built, I believe.

Q. There are various depots like that?

A. I don't know but what there may be, sir; but I am not acquainted with the working of them.

Q. Is there anything involved in the corporations combining to do this thing, except the use by the Boston and Lowell and the Fitchburg of the terminal facilities in connection?

A. No, sir.

Q. No other difficulty but that?

A. Will you repeat your question?

Q. Is there any other difficulty in these corporations avoiding this crossing except in the combination of the Eastern and Boston and Lowell? Suppose those were combined; suppose you took the Eastern; is there any other difficulty except that?

A. That is you put the Fitchburg into the Eastern depot and let their——well, that certainly would obviate some of the evils.

Q. You say, if I understand you, that these crossings are very dangerous; is there any reason to be given why the corporations have not been up here to avoid this perpetual danger?

A. There was one crossing of the Lowell and Fitchburg, and the Fitchburg and Lowell came up and got power and spent \$100,000 in 1856 to obviate that crossing.

Q. As I understand you, there is perpetual danger to human life in these crossings, from the great number of trains that are passing every day, and yet these railroads for years have been quietly going through this operation without coming to the legislature to get power to remedy it?

A. Perhaps the best answer I can make is, that the whole subject has been investigated three times by persons more competent and able than I am, and they have never been able to reach any satisfactory conclusion.

Q. Yet this simple combination of the Lowell and Fitchburg is to obviate all these difficulties?

A. Yes, sir.

Q. Did you give the number of minutes lost by these stoppings?

A. I should think in this crossing it would average a minute.

Q. On each train?

A. Yes, sir, I should think so; about that.

Q. (By Mr. Codman.)—In case this consolidation takes place, I understand you are prepared to negotiate with the Eastern road for an exchange of stations?

A. Certainly.

Q. And to have it fixed by commissioners if you cannot agree?

A. Yes, sir.

Q. Is there any objection to making such an agreement if there is no consolidation?

A. I think there would be, sir. There would be a great deal of objection and injury to our property, and detriment in suffering another corporation to run through it with their passenger trains, but by our combination with the Lowell we gain so much more that we are willing to suffer it, both on our own account and for public convenience. We give the Eastern road the right of way through our freight grounds on account of the greater accommodation we receive elsewhere.

Q. There was a bill proposed last year authorizing the Eastern road to buy your terminal facilities. Was that brought to the attention of the Fitchburg road?

A. I did not know there was a bill of that kind.

Q. There was a bill authorizing the Boston and Maine. It allowed them to come down here and take this land which they are now seeking to do, or they might buy your freight facilities. You don't remember whether any action was taken by the Fitchburg?

A. We opposed their bill to take land on the other side of Front Street. I should certainly oppose anything of the kind.

Q. Are there any other grounds than mere business difficulties? Any inherent difficulties?

A. It would be a great damage to our business and we should consider it greatly affected the value of our property to allow another corporation to run through our freight grounds. We should have to yield to the Eastern Railroad all the property on this side of our tracks because we could not use it at all.

Q. Don't you propose to do so?

A. We do in case of consolidation, but we cannot spare it without. I can find plenty of reasons to satisfy anybody it would be impracticable. It would reduce our territory very largely, and we should not be half as well off as we are now.

Q. (By the Chairman.)—Do I understand, if this arrangement is carried out, no passenger trains shall be stopped?

A. Yes, sir, that is the law.

Q. They have to stop?

A. Not for a freight train; only on a road where there are passenger trains.

Q. Is it your opinion that the State should give up the tunnel?

A. I think the State had better keep control of the tunnel. I prefer to see it in strong hands.

Q. (By Mr. Bates.)—That law was changed in reference to the crossing of the Grand Junction road, as there were but few freight trains, and that law was passed in reference to your road. That is what brought it up?

A. It is a general law.

Q. Whether you think it would be safe to have that law continue after this consolidation takes place and there will be such a large number of freight trains and so many passengers?

A. I think with freight trains alone you can put such guards upon the crossings, and have such regulations that they can be made entirely safe. I believe there is no necessity for both trains stopping. I think one train on one road stopping is sufficient.

Q. With a few freight trains you can make arrangements to have them stop, so your passengers need not stop?

A. Yes, sir; you could afford to make almost any arrangement to make it safe.

Q. Is there not danger that passenger trains coming in and not being required to stop would plunge into freight trains?

A. There is danger in a railroad crossing everywhere, and you cannot avoid it.

Q. (By Mr. Abbott.)—Some danger?

A. Some danger.

Q. I understand the result of your testimony is, that no matter how stringent the law may be, that two roads which have conflicting interests cannot use the same terminal facilities?

A. I will not say that. I will say the Fitchburg and Lowell.

Q. That is, two roads like the Fitchburg and Lowell?

A. Yes, sir.

Q. Their interests are identical with this tunnel line and the Northern line?

A. I don't think there would be so much trouble with those lines as with local matters,—the trains on the Fitchburg and on the Massachusetts Central, and to Concord on both roads, and to Nashua, and a variety of those things. I think it would be these local influences that would cause the trouble.

Q. Is there not quite a competition to-day on the part of the Fitchburg road to reach points on the Vermont Central?

A. Yes, sir; we have a line on the Vermont Central.

Q. Something was said in relation to an engine that got away from the engineer; was not that a freight-train?

A. I do not know. Of course it would not make any difference, in an accident of that kind, whether it was a passenger or a freight-train.

Q. Don't they neglect the engine on a freight-train more than they do on a passenger-train? Did you ever know a passenger-engine to get away from the control of the engineer?

A. I can't say. I have known several engines to get away, but whether they were passenger or freight-engines, I cannot say.

Q. The point was in reference to its being full as dangerous to have the crossing of freight-trains as passenger-trains in respect to the engines getting away?

A. I do not suppose it would make much difference. It would be as likely in one case as in another.

TESTIMONY OF MR. SAMUEL COLBY.

Q. (By Judge Abbott.)—Have you been a pilot for a great number of years in Boston Harbor?

A. Yes, sir.

Q. How long?

A. Since I first got my commission is about forty years.

Q. You are the senior pilot?

A. I come pretty near it.

Q. Are you entirely familiar with the different parts of Boston Harbor, and the wharves?

A. I am.

Q. Your business constantly calls you to act upon that matter, does it not?

A. Yes, sir.

Q. You pilot in the Cunarders and the different steamships entering East Boston?

A. I am frequently called upon. There are thirty of us who share the work.

Q. Do you know the Dump Wharf on the other side of Chelsea Bridge, at Mystic River?

A. The wharf at Mystic River, near the navy-yard, I understand to be the "Dump Wharf."

Q. Now, sir, for the purpose of accommodating sea-going steamers and foreign business what, in your opinion, is the best place in Boston Harbor to accommodate it?

A. I should say, from what experience I have had with different vessels, that this "Dump Wharf" was better than any other place in Boston or Charlestown.

Q. What difficulty, if anything, do you find at East Boston in getting your steamers into the dock?

A. Cross-tides.

Q. Does it interfere seriously with getting vessels in?

A. It takes a great while, and we have to do it on slack-water, if we don't have tugs to help us.

Q. You had a little experience in getting in the Mississippi yesterday. The tide was running up very considerably. How many tugs did you have?

A. We had three tugs.

Q. Now, would that difficulty exist in the case of this "Dump Wharf"?

A. I should think not.

Q. You could steam directly in from the outer harbor to this wharf?

A. This tide that runs up Mystic River is not so strong as that which comes up by East Boston. It is straight. We can land or turn about where we please with our own steam.

Q. Well, is this true that you could come in from the outer harbor, and come up to this wharf at all states of the tide?

A. When we can come in from the outer harbor, we can come up here at all states of the tide.

Q. Now are you familiar with the system of wharves from the navy-yard up Charles River? Is there any difficulty in getting large vessels up to that system of wharves?

A. You can only get in at low-water or at high-water slack. The current runs very strong by Charlestown Bridge, and there are a great many vessels there at all times.

Q. So that practically, with reference to that system of wharves between the navy-yard and Charles River Bridge,—whether it is fit for large sea-going vessels?

A. So far as my experience goes, the wharves at Charlestown and Chelsea, near the bridge, there are the best facilities there that I know of.

Q. Have you any difficulties now between the navy-yard and Charles River Bridge?

A. The difficulty is that the river is perfectly clear and if we have steam-tugs we can get to the end of the wharves, but we cannot get into the docks without steam-tugs.

Q. The difficulty is that there is no room, and the current interferes?

A. I should say the current runs there very nearly double the speed at Mystic River.

Q. (By the Chairman.)—How much water do these large steamers draw?

A. When loaded deep some of them draw twenty-three and twenty-four feet.

TESTIMONY OF JOHN R. CUMMINGS.

Q. (By Judge Abbott.)—How long have you been a pilot in Boston Harbor?

A. About twenty-four years.

Q. Are you familiar with the different parts of the harbor and the different wharves and approaches?

A. Perfectly, sir.

Q. Do you know this place that has been spoken of as "Dump Wharf"?

A. Yes, sir.

Q. Are you familiar with the approaches to it.

A. Yes, sir.

Q. Familiar also with the East Boston wharves?

A. Yes, sir.

Q. With all those wharves between the navy-yard and Charles River?

A. Yes, sir ; I have a great many vessels there.

Q. Will you tell us what system is the best system of wharves, that you know of in Boston Harbor for taking in steamers and large vessels.

A. For foreign vessels I should consider the Dump Wharf the best in the harbor.

Q. Do you know any difficulties at East Boston in getting in vessels?

A. Yes, sir ; in regard to crossing the tide,—you have got to go in on the flood or slack water.

Q. You have to take certain states of the tide or else wait several hours?

A. Yes, sir.

Q. How in reference to Chelsea Bridge Wharf?

A. We can steam right in at any time.

Q. How in reference to these wharves between the navy-yard and Charles River for large vessels.

A. There are naturally, a great many vessels there and the tide is very strong. Going up on the flood-tide we are apt to conflict with the navy-yard ships. If a vessel goes out there, she is apt to swing around, and break everything to pieces.

Q. Have you known trouble of that kind?

A. Yes, sir ; several times.

Q. Some of the steamers of the Metropolitan line have been obliged to change from there on that account?

A. Yes, sir.

Q. Are you familiar with the approaches for ocean-going steamers in the large cities in the United States?

A. Somewhat.

Q. Do you know any place better fitted for the admission of sea-going steamers than this Dump Wharf?

A. Nothing on our eastern shore, sir.

Q. (By Col. Codman.)—How is the water at the end of the wharf of this Mystic property?

A. At the end of the wharf it is shoal at the present time, but a short distance out it is about twenty feet at low-water.

Judge Abbott.—The whole is being dredged to twenty-four feet at low water.

TESTIMONY OF MR. LANSING MILLIS.

Q. (By Judge Abbott.)—What is your business?

A. I am agent of the Boston and Lowell, Concord and Vermont Central Railroads.

Q. You are agent of the Northern line to Chicago, are you not?

A. Yes, sir.

Q. Are you familiar with the working of this line?

A. Yes, sir.

Q. You are obliged to go to Chicago several times every year?

A. Yes, sir.

Q. Do you know anything of the condition of terminal facilities at Chicago, in reference to Eastern business,—whether they are sufficient?

A. The terminal facilities of all the roads at the West have been very deficient for years past.

Q. Do you know of cars being obliged to be kept off long distances on account of want of room in Chicago?

A. I have known it to exist 150 miles from Chicago. It causes great detention. The freight comes along and cannot be accommodated, and is run upon side-tracks till they are all full, and then the last sent is first taken from the sidings, and reaches its destination long before that which was sent from Boston fifteen or twenty days before. Speaking particularly of the Michigan Central at Chicago, during the past few years they have been very much troubled with reference to accommodations there. But the fire has been a blessing to them in one respect,—it has given them additional dockage, and also secured to them land which they have not had before. Since the fire, the city has given them the privilege to use ground which was really a public park, for the time being, and they could not have done business if they had not had it. They have not sufficient facilities to-day, but they are better off than before the fire.

Q. (By the Chairman.)—Do you mean to say that the facilities in Chicago are better to-day than before the fire?

Judge Abbott.—You speak of the Michigan Central, because over that most of the Eastern business by the Northern line is received?

A. Yes, sir.

Q. Have they enough facilities now since the fire?

A. I don't think that they have. I think the railroads generally have never anticipated the wants for terminal facilities.

Q. (By Judge Abbott.)—I want to know what the comparison is,—whether the larger trouble is with reference to local accommodations or on the through line?

A. There are certain seasons of the year that freight is crowded upon the roads, and the local roads that have not the capacity have to receive the whole, and the cars have to be set upon the side-tracks to receive the grain direct from the farmers. Then it is crowded into Chicago until the elevators become full and then it is shipped away sometime during the summer when navigation is open and the rates will drop until the market is full.

Q. The local freights take the grain to Chicago and the through freights take it from Chicago,—and often the charges on the local road are almost as large as those on the through line; at any rate very much larger in proportion?

A. Yes, sir.

Q. (By Mr. Choate.)—You have been connected with the Northern line from the beginning?

A. I have been connected with it directly and indirectly about six years.

Q. What is the nature of your freight?

A. Merchandise, groceries, boots and shoes, hardware, etc.

Q. What do you bring here?

A. Flour, corn, hides and agricultural products.

Q. You have been in active competition for Western business, with the Boston and Albany road?

A. Yes, we call it so.

Q. Almost always in competition?

A. Yes, sir.

Q. Have combinations been made with the Boston and Albany?

A. Yes, sir.

Q. How long did they exist?

A. The combination lasted two weeks; we lived up to it on our part, but they did not. [Laughter.] If you would like to have the history of it, I would be glad to tell it to you.

Q. At times the competition has been quite active, has it not?

A. Yes, sir.

Q. You have had the right to fix rates for freight from Chicago to Boston?

A. In a certain respect, with the approval of the managers, General Stark and Governor Smyth.

Q. From whom have you received your directions?

A. From General Stark.

Q. At the Boston end has he not had full control of the line?

A. Yes, sir.

Q. (By the Chairman.)—Do you have more complaint arising from high rates or from irregular freights?

A. There is a complaint in both directions. The rates are some times low and sometimes high. There has been a complaint in Chicago by the merchants, that they wanted uniform freights. Our merchants in Boston want to compete with Philadelphia, which is some 150 miles nearer.

Q. There has been no dependence to be placed on the rates, has there? They may be low to-day and high to-morrow?

A. Yes, sir; that has transpired within the last three or four days.

Q. (By Mr. Choate.)—How high rates have you ever had?

A. From here to Chicago?

• Mr. Choate.—Yes, sir.

A. I think, sir, the rates were about \$2 per hundred on first-class freight on the Boston and Albany, and we were taking it at 25, 30 or 40 cents less.

Q. Well, haven't you reduced the price on ordinary freight below the rates of the Boston and Albany?

A. Yes, sir; but that didn't secure the business.

Q. Didn't it bring down their rates?

A. Yes, sir.

Q. (By Judge Abbott.)—Whether, in your judgment, the union of the Lowell and Fitchburg roads, the substantial consolidation of the tunnel route, would raise the rates in any way or interfere in any way with the rates of the through Northern line, or whether it really would not cheapen the rates on the Boston and Albany?

A. I don't think it would raise the rates here in New England one cent.

Q. Supposing the Northern line were controlled by the tunnel line?

A. I don't think it would make any material difference if the line was controlled by the tunnel line. I think the competition with the Boston and Albany would be sufficient.

Q. Well, would it not have any effect to have three independent lines?

A. I think that in this case the result would be a uniform rate would be made, that will pay interest on the whole capital.

Q. And yet you say the establishment of the Northern line has brought down the rates of the Boston and Albany? You have always tried to keep below them?

A. Yes, sir.

Q. (By Mr. Blanchard, of Weymouth.)—What is your present rate for the class of goods carried to Chicago,—boots and shoes, etc.?

A. The rates on the Boston and Albany are \$1.25. If I should give you my rate to-day it would be \$1.15.

Q. What have been your rates?

A. They were \$1.00 last week; we have carried for eighty cents within the last few years.

Q. Have the agents of the through lines between the East and the West had a meeting in New York (on last Thursday I think), where they insisted upon your raising the through rates, and on the Boston and Albany raising theirs?

A. The proof that I can give you is an article cut from a New York newspaper to that effect.

Q. (By the Chairman.)—Are your present rates paying rates?

A. In reference to the Eastern freight from the West, our position has been different from almost any other road. Unless we made a reduction we could not secure business; and we could not afford to run the cars of the line back empty. It was better to load them at some price than to run them back empty.

Q. (By Judge Abbott.)—You were not present at this time in New York?

A. No, sir.

Q. Your rates previous to that time, were rather lower than to the city of New York, and the result was that the New York Central insisted that they should be raised at all events, so that they should be equal to those to New York?

A. Yes, sir; that is the same position the tunnel line will be in when they attempt to make cheap rates.

Q. (By the Chairman.)—Would that be the same if they had a line to the lakes?

A. Yes, sir. This would perhaps create a revolution in the grain business, if you made the system of depot and terminal facilities proposed. It will make a great difference in the grain trade of New York; but that would not do away with the power of the New York Central.

Q. Then you mean to say that Mr. Vanderbilt, who controls the New York Central, controls the rate of freight?

A. I do, sir. Mr. Potter, president of the Grand Trunk Railroad has decided, and so states in his report, that he can better afford to take business from Chicago, by way of Detroit and Buffalo, to New York, and run over only 255 miles of his own road, than to carry it the other way, using 859 miles of his own road, to Portland.

Q. But Mr. Vanderbilt cannot control the lakes?

A. No, sir; he cannot.

THE NORTHERN RAILROAD.

Mr. Charles F. Choate said he appeared in this case to represent a single interest. As to the question of consolidation he had nothing to say. He had nothing to say as to what Massachusetts was to do with the tunnel. He simply represented an integral part of the Northern line; namely, the Northern Railroad, of New Hampshire. His chief witness,

Ex-Governor Stearns, of New Hampshire could not be present, and he would like a hearing at some other time. An assignment was made for Wednesday, February 26.

MR. ROBINSON'S STATEMENT.—(Continued).

Mr. Allen.—At some time I am desirous of having an opportunity to put in a little testimony, in behalf of the Troy and Boston Railroad, in reply to some suggestions which have been made here.

The Chairman.—You can go on now, if you are ready.

Mr. Allen.—I can go on now, as well as at any other time.

Mr. Robinson was called :

Mr. Allen.—Mr. Robinson, you have heard the suggestions which have been made by the Lowell road, you have heard the testimony of Mr. Stearns, yesterday, giving some figures from your reports. Now, will you state the facts to the Committee, in respect to what property you have, belonging to the Troy and Boston road, what it has cost, and also in respect to the accounts?

Mr. Robinson.—The Committee will recollect, that in my former statement, I stated what was strictly in accordance with the actual cost of the road.

We kept our construction account until 1857 or 1858, and we had no account to which we could charge our expenditures for masonry, bridges and other necessary expenses, and as I stated at the time a large portion of it was charged to the expense account which was readily paid for construction. Every person connected with railroads or the building of them knows that the expense account is greatly increased by that which properly belongs to construction. In that way our report to the legislature at the present time, shows an expense to have been \$2,300,000. But this does not embrace our real estate, nor property that is outside of the tracks from Troy to the state line. We have, in addition to what we report we have, a railroad in Troy called the Union road, which cost over \$800,000, of which we own one-fourth part, and we have the Albany and Vermont road which we purchased,

23 miles long. We have also in addition to that, real estate in the city of Troy, which is worth all the way from \$500,000 to \$750,000, and probably it could not be bought for less than that sum. So the cost of our road would be about as difficult to get at, as it is to get at the cost of Mr. Stearns' road, for in the same way, our accounts do not represent us. Perhaps that is all I need to say with regard to the cost of our road, except that in his statement the other day Mr. Stearns stated just enough to make a certain estimate of the cost of the road, and then left it. I propose to add the earnings of the road and the percentage, and also the statement of his road for the corresponding four years. I find that in 1869 we earned $8\frac{7}{8}$ per cent. on the cost of our road, as reported to the legislature, when the capital was \$2,296,742. In 1870, we earned $7\frac{1}{2}$ per cent. with a cost of \$2,307,907. In 1871, we earned $8\frac{1}{2}$ per cent. on a cost of \$2,312,098. In 1872, we earned 9 per cent. on a cost of \$2,312,098. Looking over the reports I find that Mr. Stearns' road in 1869, earned $9\frac{1}{2}$ per cent. on his cost. For 1870, he reports on 10 months. I add one-fifth, and his earnings are $8\frac{1}{2}$ per cent.; in 1871, he earned $7\frac{3}{4}$ per cent. and in 1872, 8 per cent. He has a surplus of about one-half per cent., which, added to this percentage makes the net earnings of Mr. Stearns' road $34\frac{1}{4}$ per cent. for the four years, and the Troy and Boston earned $33\frac{7}{8}$, making a difference of three-eighths of one per cent. in their favor. Mr. Stearns also states that our earnings have decreased, but if you will look at the position of Eagle Bridge and the Rensselaer and Saratoga road, which comes in five miles below the bridge to intersect with the Harlem road, you will see that when that road was opened two years ago, in 1870, of course we had to suffer some temporary loss, but notwithstanding this, we have earned on our 47 miles of road, from local business within the past two years, \$3,496 per mile in 1871, and \$3,952 per mile in 1872. I find that Mr. Stearns' road earned at the same time, in 1871, \$4,585 per mile and in 1872, \$4,693 per mile. Mr. Derby has also stated that the objective point is not Troy. It is a fact that 80 per cent of all the Erie Canal business enters the canal at Troy. I would like to present this table of statistics of freight coming to the Hudson

River from Erie and Champlain canals, from 1839 to 1871, inclusive.

Total Tons of each class of articles which came to the Hudson River from the Erie Canal, from 1839 to 1871, both inclusive.

YEAR.	Products of the forest.	Agriculture.	Manufac- tures.	Merchan- dise.	Other articles.	Total.
1839, . .	185,728	155,082	6,686	405	38,366	386,267
1840, . .	140,584	294,423	6,655	26	25,627	467,315
1841, . .	237,520	265,920	12,778	142	16,160	532,520
1842, . .	156,691	287,928	10,406	143	24,981	480,149
1843, . .	239,585	338,968	23,542	134	33,116	635,345
1844, . .	356,874	371,326	28,432	236	42,948	799,816
1845, . .	420,190	430,454	43,184	206	65,556	959,590
1846, . .	407,848	612,585	34,561	222	52,054	1,107,270
1847, . .	445,975	875,365	25,755	690	83,467	1,431,252
1848, . .	406,982	674,194	24,514	296	78,351	1,184,337
1849, . .	442,106	736,009	24,340	205	64,064	1,266,724
1850, . .	597,956	692,753	23,065	201	57,884	1,371,859
1851, . .	552,345	856,127	29,872	247	70,086	1,508,677
1852, . .	627,466	915,367	35,874	4,891	61,101	1,644,699
1853, . .	835,304	895,672	37,098	6,302	77,062	1,851,438
1854, . .	738,367	826,025	27,080	6,135	105,086	1,702,693
1855, . .	569,080	753,277	23,159	9,400	65,799	1,420,715
1856, . .	509,405	974,311	20,207	7,369	75,838	1,587,130
1857, . .	503,428	516,755	23,825	8,115	65,076	1,117,199
1858, . .	538,650	857,350	36,928	6,067	57,692	1,496,687
1859, . .	776,855	505,004	23,518	5,176	140,780	1,451,333
1860, . .	814,392	1,297,227	20,943	3,164	140,335	2,276,061
1861, . .	429,324	1,871,723	24,406	1,358	122,798	2,449,609
1862, . .	706,592	2,087,347	19,589	1,948	101,618	2,917,094
1863, . .	682,215	1,809,911	25,944	2,674	126,945	2,647,689
1864, . .	716,017	1,243,067	56,223	1,826	129,501	2,146,654
1865, . .	627,089	1,302,711	33,896	1,181	113,484	2,078,361
1866, . .	808,050	1,487,068	44,940	2,083	181,523	2,523,664
1867, . .	837,581	1,099,983	50,020	1,934	236,594	2,226,112
1868, . .	911,588	1,187,501	63,421	2,388	213,674	2,378,572
1869, . .	873,431	1,055,932	67,267	1,947	259,112	2,257,689
1870, . .	956,139	1,024,458	72,345	2,832	234,924	2,290,698
1871, . .	816,802	1,539,239	78,171	2,647	211,902	2,648,761
Total,*	18,868,159	39,060,562	1,078,644	82,590	3,373,504	53,243,959

* For thirty-three years.

Total Tons of each class of articles which came to the Hudson River from Erie and Champlain Canals, from 1839 to 1871, are as follows:—

YEAR.	Products of the forest.	Agriculture.	Manufac- tures.	Merchan- dise.	Other articles.	Total.
1839, . .	377,720	163,785	8,565	499	51,559	602,128
1840, . .	321,709	302,356	8,665	104	36,178	669,012
1841, . .	449,095	270,240	17,891	155	36,953	774,334
1842, . .	321,480	293,177	16,015	185	35,769	666,626
1843, . .	416,173	346,140	29,593	201	44,854	836,861
1844, . .	545,202	378,714	32,334	245	62,559	1,019,094
1845, . .	607,930	447,627	49,812	253	99,321	1,204,943
1846, . .	603,010	628,464	46,076	1,797	82,982	1,362,319
1847, . .	666,113	897,717	51,532	4,831	124,090	1,744,283
1848, . .	603,272	685,896	44,807	6,343	107,527	1,447,905
1849, . .	665,447	769,600	44,288	5,873	94,638	1,579,946
1850, . .	947,768	743,232	39,669	7,105	113,273	1,851,047
1851, . .	913,268	891,420	52,302	4,580	115,581	1,977,151
1852, . .	1,064,677	989,268	47,512	10,605	122,760	2,234,822
1853, . .	1,340,261	932,189	52,302	12,633	167,897	2,505,797
1854, . .	1,103,018	846,347	40,082	14,632	219,564	2,223,743
1855, . .	877,805	782,604	44,844	15,559	174,781	1,895,593
1856, . .	858,771	1,023,017	50,454	14,073	176,754	2,123,469
1857, . .	798,896	561,894	55,611	16,987	183,709	1,617,187
1858, . .	817,613	929,789	74,981	15,233	147,526	1,985,142
1859, . .	1,123,607	610,317	63,079	15,804	308,865	2,121,672
1860, . .	1,137,873	1,373,393	66,969	11,235	265,407	2,854,877
1861, . .	690,586	1,934,247	43,074	8,405	303,832	2,980,144
1862, . .	968,062	2,152,159	45,502	5,470	281,516	3,402,709
1863, . .	1,049,559	1,898,253	56,268	5,123	265,524	3,274,727
1864, . .	1,106,148	1,320,562	79,480	3,469	295,598	2,805,257
1865, . .	1,051,616	1,379,331	52,211	4,302	236,721	2,730,181
1866, . .	1,329,884	1,542,035	60,180	6,372	367,136	3,305,607
1867, . .	1,359,287	1,143,712	77,250	5,196	444,250	3,029,695
1868, . .	1,459,353	1,229,554	89,814	5,058	457,027	3,240,806
1869, . .	1,453,419	1,087,105	84,623	5,122	465,873	3,096,142
1870, . .	1,465,517	1,049,586	91,166	12,118	537,915	3,156,302
1871, . .	1,347,132	1,571,749	94,905	7,503	473,554	3,494,843
Total,*	5,236,478	31,297,438	1,722,455	227,464	6,916,310	71,420,145

* For thirty-three years.

Mr. Allen.—Did you see that statement in the newspaper, that Mr. Peirson, in the Assembly at Albany recently stated that three-fifths of all the business of the New York Central road came to New England? Who is Mr. Peirson?

Mr. Robinson.—Mr. Peirson is the manager and director of the New York Central and Hudson River Railroads at Albany. He really controls the central and eastern part of the line.

Mr. Allen.—Will you state, so that there shall be no misunderstanding, with regard to the increase of your capital stock?

Mr. Robinson.—I want to say that there is no watered stock in our road, not a particle, and I think I can represent it to the Committee so that they will understand it. Suppose that Mr. Stearns builds a road for \$1,500 and I build one for the same amount. He has his money and I have but \$1,000. We build alike and earn alike, and he pays his six or eight per cent. dividends. We borrow money to pay our remaining five hundred dollars and pay no dividends until we have earned that five hundred dollars. During that time he has distributed money to his stockholders and we have kept it. Now to make up to our stockholders we give them five hundred dollars if they will pay the debt, and then we have just as much road which cost just as much and earned as much as Mr. Stearns' road, and we stand on the same footing with his stockholders. We have nothing but what we have paid for, and although we have given it to them it is not water, but it is money that we have earned and belongs to them. In this case of profits it is precisely the same. We say in the first place that there is a surplus of \$343,000 which has been carried to what we call a surplus account. It has been used in construction. We say that for a series of years we have gone on putting into construction a large amount of money for construction, suppose I say half a million. In order to get rid of our floating debt we have said to our stockholders, if you will give us \$500,000 we can pay you the \$500,000 and the \$843,000 back again. They did it, and we have paid it. There has no water entered into the road. There is no greater representation than cost.

The Chairman.—You made your dividends all at once?

Mr. Robinson.—All at once.

The Chairman.—What dividends have you lately paid?

Mr. Robinson.—During the last twenty-one months we have paid seven per cent., at the rate of four per cent. since we sold this stock.

Mr. Allen.—Now there is an account for "Engineering and Agencies" in that report that was referred to,—about \$407,-

000 if I recollect right. What enters into that item to make it up?

Mr. Robinson.—There was a considerable part of that made up of the expense of buying land, paying lawyers, etc. Instead of charging it to "land damages," we charged it to "engineering and agencies." The balance of it is discount on bonds; that is fully covered by the earnings, and more too.

Mr. Allen.—How happened this item to get in there?

Mr. Robinson.—We had to put it somewhere, and there was no account that the legislature gave us, and we could not put it anywhere else.

Mr. Allen.—Whether, in general phrase, your road has had any fancy expenses, or has misused, misspent or wasted any money at all?

Mr. Robinson.—I don't think it has ever wasted one dollar. There was nothing paid to the officers till 1862, except a small salary of \$500 to the treasurer; the directors gave their time, wholly. In 1862 the business of the road became so important and required so much attention, that it was proposed to give salaries to some of the officers, to the total amount of \$3,000.

Judge Abbott.—What is the market value of your property at the present time?

Mr. Robinson.—It is a great deal like asking the price of a thing you cannot sell. There are gentlemen who have offered 75 per cent.

Judge Abbott.—Is there any market price for your stock at the present time?

Mr. Robinson.—There is a market price; I will give you 75 per cent.

Judge Abbott.—What is your nominal capital?

Mr. Robinson.—\$1,600,000.

Judge Abbott.—How much has been paid in in cash upon that directly from the stockholders?

Mr. Robinson.—\$1,102,586.

Judge Abbott.—I find in 1871 that the amount of your stock and debt was \$3,567,000. Your road is less than thirty-five miles long, and that will make the cost of it over \$100,000 per mile.

Mr. Robinson.—Unless you deduct the terminal facilities.

The debt and stock covers everything that we have got, terminal facilities and everything else.

Judge Abbott.—Do you charge the construction in your debt?

Mr. Robinson.—We have never charged one dollar in any way, shape or manner to construction.

Judge Abbott.—In getting at your earnings per mile, how do you divide?

Mr. Robinson.—I divide the net earnings by forty-eight for the Troy and Boston, and by ninety-four for the Fitchburg: the number of miles we operate.

Judge Hoar.—Whether, if the legislature consolidate the Fitchburg and Lowell roads, your company would be willing to sign your road away at a just valuation to be determined?

Mr. Robinson.—We don't propose to sell it; we propose to keep it. We will put it into a company making a through line with a capital of \$25,000,000.

Judge Hoar.—What is the difference between consolidation and selling your stock?

Mr. Robinson.—A great deal. You have, in this case, got a business that will produce an income, and a man says,—“Come, give me that business at cost.”

Judge Hoar.—I didn't ask you anything about cost. I used the word value,—whether or not you have any objections to parting with it at its value, to be ascertained?

Mr. Robinson.—It is a question I cannot answer. There are more parties than one to be consulted.

Judge Hoar.—Have you any right here to say what you are intending to do?

Mr. Robinson.—We come here for consolidation, and we don't propose to do anything else. We propose that our stock be included in a through line from Troy to Boston, and nothing else at the present time.

Judge Hoar.—You are not willing, then, if it is to make such a consolidated company, to put in your property at its fairly ascertained value?

Mr. Robinson.—Yes, sir; I have just said we would put it in. We want to be stockholders.

Judge Hoar.—If you receive your full value you could buy your full share of property?

Mr. Robinson.—I said we would not sell it.

Judge Hoar.—What is the reason why your company is not willing to sell at a fair value?

Mr. Robinson.—We have gone on working for twenty years to get at this project. Now these Boston and Lowell people, who are real sharp, come here and say, "We want to buy out your road." We know they won't pay anything but the present value, and that is not enough. We want to be a party to this ourselves, and we don't want any outsider to come in and take it away.

Judge Hoar.—Do you want any more than it is worth? Won't you sell it to us for that?

Mr. Robinson.—Who is "us"? (Laughter.) If you are speaking for the State, we will let them have it.

Judge Hoar.—"Us" is the Fitchburg and Lowell roads as a consolidated company.

Mr. Robinson.—I have not seen them consolidated yet, and hope I never shall.

Judge Hoar.—What is your objection?

Mr. Robinson.—We have gone on for many years, with comparatively no income, with the belief that this line will be a valuable line. Now we think if the property is consolidated it will be as valuable as the Boston and Albany. Now, with that prospect, do you think it would be well to part with our property at cost? No, sir.

Judge Hoar.—You just said you were willing to sell to the State of Massachusetts. What is the difference to your people, what is the reason of their unwillingness to sell your property at its full valuation, fairly estimated, to a consolidated company, consisting of the Lowell, Fitchburg, and Vermont and Massachusetts, if they are united, that you would not have in selling to the State?

Mr. Robinson.—The difference is this; that if the State of Massachusetts says, "We take this line of road," no opposition can prevent it. I myself am perfectly willing to say they can have our property to carry out their ideas. But if it is to go into any other hands, we propose to be one of the corporators.

Judge Hoar.—If you get your full value, what harm does

it do to your people? You could invest your money in the consolidated stock?

Mr. Robinson.—My dear sir, I don't propose to sell myself. You propose to buy our road. We don't want to sell. We want you to take the road into the consolidation.

Judge Hoar.—Do you think you will get more money in taking your payment in stock?

Mr. Robinson.—That is my idea.

Mr. Vinal.—Your home is in New York State?

Mr. Robinson.—Yes, sir.

Mr. Vinal.—You are familiar with the railroad and canal facilities at Schenectady?

Mr. Robinson.—Yes, sir.

Mr. Vinal.—Will you state to the Committee how far it is from Troy?

Mr. Robinson.—Twenty miles by the present road, but one can be constructed so that it would be but sixteen miles.

Mr. Vinal.—Are you aware that they have very excellent facilities at Schenectady for receiving grain from the canal and putting it on the cars? Are you aware that a large portion of the grain now coming over the Lower and Fitchburg roads is transferred from the canals by an elevator at Schenectady?

Mr. Robinson.—I know that fact.

Mr. Vinal.—Do you know how many locks there are between Schenectady and Troy?

Mr. Robinson.—I cannot say.

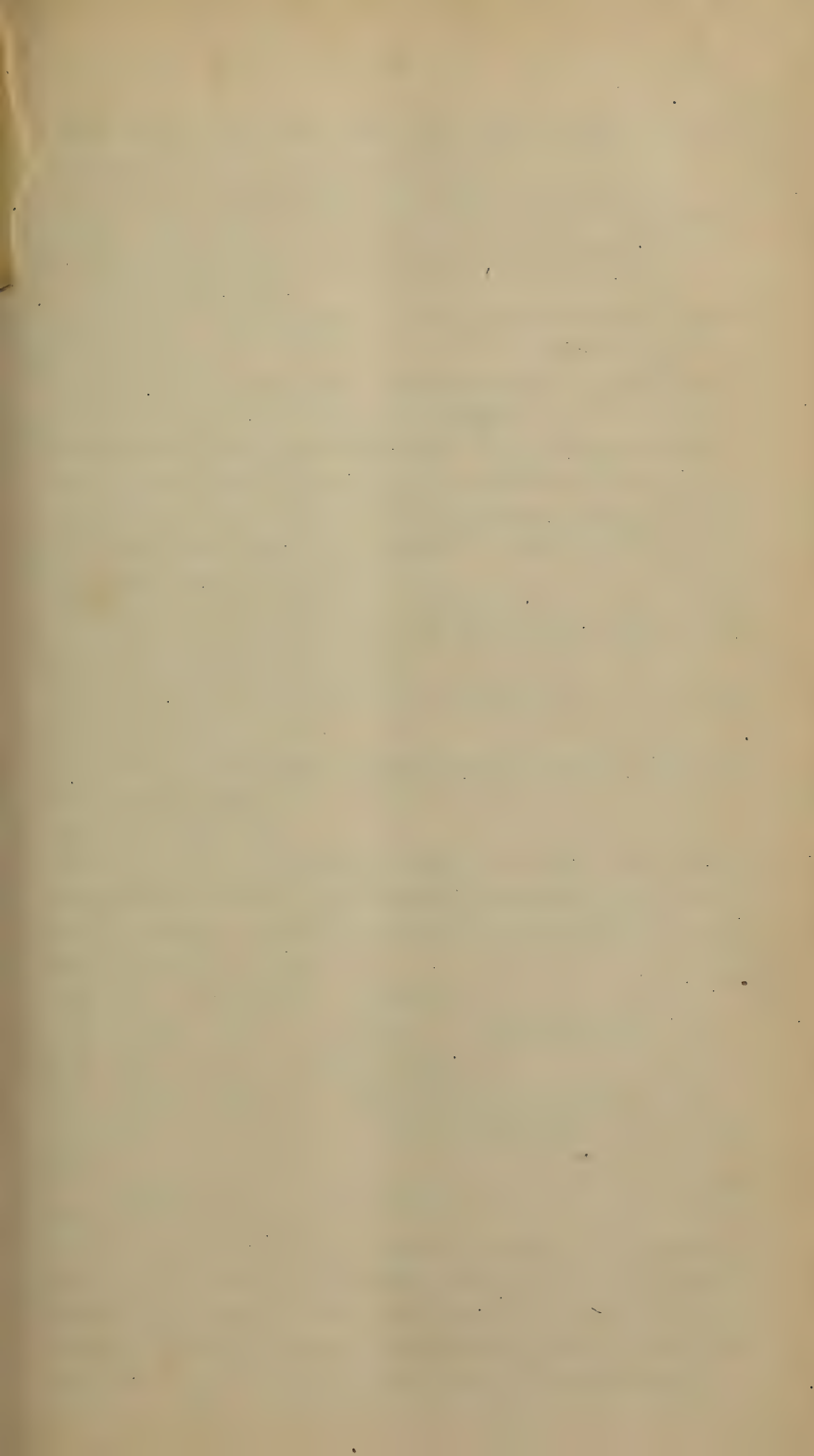
• Mr. Vinal.—You know there are a great many?

Mr. Robinson.—Yes, sir.

Mr. Vinal.—And that freight to Schenectady is very much cheaper than to Troy and Albany, and that much time can be saved in transporting freight by this Northern line rather than by going through the twenty-eight locks to Albany and Troy?

Mr. Robinson.—I have had but very little experience as far as that is concerned.

Mr. Vinal.—My object is to show that whenever this road is carried through it will at once have an immense business that comes by water, wholly independent of any that comes over the New York Central road.



Mr. Vinal.—It is somewhere in the neighborhood of twelve or thirteen millions of bushels, is not?

Mr. Joy.—I should think very likely, and more too.

Mr. Vinal.—You are familiar with the location of what are called the Buckingham elevators, A and B, at Chicago?

Mr. Joy.—Yes, sir.

Mr. Vinal.—Can you state to the Committee how much their capacity is?

Mr. Joy.—I do not now remember; but I should say between two and three millions of bushels.

Mr. Vinal.—How much land does it require to accommodate the grain that is carried into those elevators yearly?

Mr. Joy.—Well, it would require perhaps a strip of land five hundred feet long and, situated as those two elevators are, perhaps two hundred feet wide.

Mr. Vinal.—How much grain would you say (I don't suppose you know) was shipped yearly, from those two elevators during the season of navigation?

Mr. Joy.—A great many millions of bushels; I can't tell you how many.

Mr. Vinal.—You have, I believe, what you call a first-class elevator at Detroit?

Mr. Joy.—Yes, sir.

Mr. Vinal.—I would like to have you state to the Committee what amount of grain you could take into that elevator, if it was worked to its full capacity, from your track, and deliver to vessels in a year?

Mr. Joy.—Ten millions of bushels.

Mr. Vinal.—What is the capacity of that elevator?

Mr. Joy.—About a million bushels.

Mr. Bates.—How much land does that occupy?

Mr. Joy.—I think it is not quite 150 feet long, and 80 feet wide.

Mr. Bates.—How much standing room is there connected with it?

Mr. Joy.—(The witness, without answering the question directly, illustrated, by using the table before him to represent the depot grounds, the construction of an elevator, and said)—In Chicago, they run their car into the elevator, and then run it back. The true way is, to let the car run through,

just its length, on to a track upon wheels, and then switch it on to the track on the side of the elevator.

Mr. Vinal.—Is it not a fact that the Buckingham elevators, A and B, stand on two small piers, with a dock behind them, and that every car which goes into the elevator would run overboard if it ran through the wall of the elevator?

Mr. Joy.—I think it would. That is the way they are all built in Chicago; they have not sufficient ground there to run through. The true way is, to have the car go through far enough to swing it from one track to another.

Mr. Vinal.—Is it not true that the Chicago, Burlington and Quincy road, the Shore road, and the Illinois Central road, built these elevators?

Mr. Joy.—No, sir. I think there are two elevators up the river built in the same way as the Buckingham elevators.

Mr. Bates.—Do you know how much territory the elevators of the Chicago, Burlington and Quincy road occupy?

Mr. Joy.—It is not much larger than the elevators stand on; but there ought to be, as I have said, enough to have a movable track outside, on which the cars could run, and be swung back on a track at the side of the elevator.

Mr. Bates.—How many acres have the Chicago, Burlington and Quincy road?

Mr. Joy.—I don't know how many, but they have quite large grounds. I think their ground stretches from the river back full half a mile, the width, perhaps, of a whole block.

Mr. Bates.—About how many acres are there in the whole piece?

Mr. Joy.—I cannot tell how many acres there are. I bought their first ground, it was a quarter of forty acres—ten acres—and we thought it ample then. I think we have bought four times as much since; forty acres in all, possibly. I don't believe there is more than that in their depot grounds proper.

Mr. Bates.—What is the amount of their business?

Mr. Joy.—Their business has amounted to about seven millions of dollars a year.

Mr. Bates.—In tons, about how much?

Mr. Joy.—The tonnage is immense; I cannot tell you.

Mr. Bates.—Can you approximate it?

Mr. Joy.—No, sir, I don't think I could give a guess ; but it is very large. It is fair to say that the cattle they bring in are not brought to that ground at all. None of the cattle transported on any of the roads are brought into the city. The cattle-trains all run on one side to the Union cattle-yards, outside the city. But all their other business is done on their grounds.

Mr. Derby.—How much do you estimate the whole of their land at?

Mr. Joy.—I can hardly give you an estimate, but I should think there must be more than forty acres in their grounds in Chicago.

Mr. Derby.—Including standing-room.

Mr. Joy.—Their grounds in Chicago include their standing-room. Their cars stand there. They bought very large grounds.

Mr. Derby.—Have they any land outside the city?

Mr. Joy.—No, sir ; the whole of their land is within the city limits. It may possibly reach over the city limits, but I think not. They bought, I think, about the size of a block. Their grounds would be three hundred feet wide, perhaps, and stretching back far enough to get forty acres, perhaps.

Mr. Derby.—Have they enough for the future?

Mr. Joy.—I cannot tell you that.

Mr. Derby.—You would not limit it?

Mr. Joy.—No, sir.

Mr. Derby.—You speak of their not being able to move the freight from the West now. Do you mean that the lines leading out from Chicago are not sufficient, or that they are blocked somewhere on the line?

Mr. Joy.—Yes, sir ; they are blocked on the lines. That indicates that they are not sufficient. They would not be blocked if they could do their business. They have not got double tracks ; they have not got track-room enough ; they are all alike. You take the Pittsburg and Fort Wayne road. It is a single-track road with 25 per cent. of the line sidings. They run down to Pittsburg. There they have to pass through a great city. Well, when they get to Pittsburg, which is also a distributing point, they have not track-room enough—and it seems to be impossible for them to get it—to enable

them to get their trains through. The consequence is, they accumulate there very largely, and they are blocked at Pittsburg. The Michigan Southern road is not a double-track road; they have a good deal of siding, but when they get to a point like Cleveland, where they cannot get a very large amount of land—it is not possible to get it—they cannot distribute their cars there; they have not room enough. This year they have tried to distribute their cars and make their exchanges in Pennsylvania, at some place outside of any large town. They did not get room enough there, and the superintendent of the New York Central road told me the other day, when I was in New York, that he had seen—I should hardly dare to tell how many trains he said he had seen, stopped at that place, simply because they could not get through. I think it was eighty trains. It is a very large story; but that is what he told me. If that were a double-track road throughout, with slidings at the points where other ends come in so that trains coming in from the side roads, and trains going out on the side roads would not interfere with their trains, they could do a very much larger business than they do now. In time they will have a second track, and will bring an amount of freight up to the utmost capacity of a double-track road. But that is limited, and now the New York Central, in order to relieve the difficulties, is laying two extra tracks; so that as business accumulates, it always outgrows the accommodations of the railroads; and heretofore with all the railroads from Chicago, we have not been able to do the business through the winter.

Mr. Bates.—The difficulty is not in the single tracks, but in the want of equipment?

Mr. Joy.—More for want of double tracks than for want of equipment, for the more equipment they have the worse they are off. But they want more equipment too. They want more tracks to put their equipment on.

The Chairman.—What is the expense of an elevator per bushel?

Mr. Joy.—Our Michigan Central elevator, which will hold about a million bushels, cost \$200,000. But it was built at a time when money was worth more than it is now. We are building another now, that will cost about \$250,000.

Mr. Derby.—Does that include the land?

Mr. Joy.—No, sir. The building will cost about that.

Mr. Derby.—Is the material wood or brick?

Mr. Joy.—The difference in expense is not very great. We have built our present one about half-way up of brick, and then of wood; boards laid on top of each other and fastened together, which makes as strong a wall as brick, and a little stronger, and then we cover it with slate.

Mr. Shattuck.—Assuming that two roads running from the East to the Tunnel will find it necessary to use it, should you not say that the proper way would be for the State to retain control, and then make such arrangements for the roads as would be just and fair?

Mr. Joy.—It would be a great deal better if it could be owned by one road, but they should let another road use it, if they could do so without interfering with their own business.

Mr. Shattuck.—This Tunnel has been built by the State, and there are two roads coming from the east that must use it. Don't you think they ought to be allowed to do so?

Mr. Joy.—They ought to go through if it can be done. It ought to be made large enough for them to go through.

Mr. Shattuck.—It would not be advisable for either of the competing roads to get control of it, would it?

Mr. Joy.—It would be apt to stand in the way of the other in that case.

Mr. Shattuck.—Would it not be a better way to make it large enough to make both go through, and the State retain control of it?

Mr. Joy.—I don't think the State can enlarge its capacity simply by retaining it. The question is, whether it can be made large enough to accommodate the business that is to go through; the fact that the State owns it will not make it any larger.

Mr. Shattuck.—The Quincy Bridge is owned by a separate corporation, is it not?

Mr. Joy.—Yes, sir.

Mr. Shattuck.—There is no difficulty in managing it, is there?

Mr. Joy.—There is only one road running over it.

Mr. Shattuck.—I know it ; but it is owned by a separate corporation, and they provide for the best mode of using it.

Mr. Joy.—There is only one road that runs over it—the Hannibal and St. Joseph.

Mr. Shattuck.—Would it not be better, in your judgment, to have one party control that Tunnel, but put it under such regulations as would secure the most efficient management? Is not that the fairer way?

Mr. Joy.—One party must necessarily control it. Whether it be the State or a railroad, one party must have the control of the Tunnel, the police of it.

Mr. Shattuck.—Then, if there are two competing roads coming there, would not the fairest way be for the State to control it, seeing that one party must do it?

Mr. Joy.—Well, I will tell you what I think about the State owning it. I think the State will try to make it profitable,—try to make it pay upon the investment they have got there. They can only do that at the expense of the road and the business that goes through it. If the State owns it, and attempts to make it pay as an investment, they must charge a very high toll, which will drive away business, just as the toll over the bridge at Albany did, and it will stand in the way of the success of the route.

Mr. Shattuck.—You may assume that the State will look out for the interests of the traffic that comes there, as well as the interests of the Commonwealth ; but assuming that there are to be two competing lines coming from the east to the Tunnel, and assuming, also, that the State will manage the Tunnel judiciously, is it not the best way for the State to retain the control? Can you fairly, in justice to the other roads, give this Tunnel over to the control of one of two competing roads? That is the question.

Mr. Joy.—Well, sir, it is a pretty difficult question to answer. My experience of State management of these things leads me to believe that the first consideration with the State will be to look after its own interests, and the second consideration will be to look after the interests of the roads. I have hardly ever found a State manage these things as an individual corporation owning them would do. It might, perhaps, in this instance ; I would not say that it would not. The Tun-

nel being a very long one, and there being no possibility that another should be built, I would not say that the difficulty would be so great that the State should part with it; but I honestly think that if it does not belong to a great through route you will have a great deal of difficulty.

Judge Thomas.—If one consolidated corporation managed the road, and the Commonwealth regulated the toll of the Tunnel?

Mr. Joy.—I do not believe it would work, sir. I think it would work against the route.

Mr. Shattuck.—There is no harm in trying the experiment, I suppose?

Mr. Joy.—No, sir.

Mr. Derby.—The State of Michigan, if I recollect, once owned the Michigan Central?

Mr. Joy.—Yes, sir.

Mr. Derby.—I want to ask you, in the presence of the Committee, how the thing prospered under the State management—whether it was a success or a failure?

Mr. Joy.—A total failure, sir.

Mr. Derby.—Won't you explain that to the Committee?

Mr. Joy.—I don't know whether human nature is the same in Massachusetts as in our country, but it was managed by politicians, and it was found that politicians could not run a railroad.

Mr. Derby.—That was well ascertained?

Mr. Joy.—Yes, sir; and the result was, the State became so thoroughly dissatisfied with it, that it passed a law ordering it to be sold.

Mr. Derby.—And a private corporation was organized to buy it?

Mr. Joy.—Yes, sir; and they have run it ever since, and made it a first-class road.

Mr. Crane.—How soon will the Tunnel be completed under Detroit River?

Mr. Joy.—I cannot tell you. We are meeting with great difficulties. I cannot tell you it will ever be completed. I wish I could, but I cannot.

Mr. Derby.—What is the difficulty?

Mr. Joy.—Our difficulty is quicksand. We may be driven to a bridge.

Mr. Derby.—You will have one or the other?

Mr. Joy.—Yes, sir; one or the other is absolutely essential. We cannot live without it.

Judge Thomas.—How long did the State retain the management of the Michigan Central?

Mr. Joy.—They began in 1836 and they worked it until 1846.

Judge Thomas.—Was it under the control of the State until 1846?

Mr. Joy.—Yes, sir.

The Chairman.—What was the general plan adopted by the State to run the road?

Mr. Joy.—They appointed what we call railroad commissioners, with power to take charge of the road, operate and manage it.

The Chairman.—Were those commissioners appointed by the legislature?

Mr. Joy.—I think they were nominated by the governor and confirmed by the senate.

The Chairman.—Do you know how many commissioners were in charge of the road?

Mr. Joy.—We began with three roads, and there were three commissioners,—one for the Central, one for the Southern, and one for what we called the Northern; and the three commissioners together constituted a board to operate and manage the road.

The Chairman.—These being three through lines?

Mr. Joy.—Intended to be through lines. They were not then finished. There was no through line in the State at that time. Indeed, there was no road which could be called a through road in the whole West then. Everything was fragmentary then. They have been finished since and become through lines. There was no through line in New York, in Ohio, or anywhere else.

Mr. Derby.—How was it with the other lines?

Mr. Joy.—That whole system was the same. They were all ordered to be sold, and were sold in 1846.

Mr. Derby.—And then speedily improved, after they were sold?

Mr. Joy.—One was sold to the Southern road, and is now the Southern road; one was sold to the Michigan Central, and is now the Michigan Central; the other is what we call the Port Huron and Owasso, or Lake Michigan road, and is not finished through.

The Chairman.—Was the failure owing to bad management, or was it because the country was not developed sufficiently to give the roads business?

Mr. Joy.—The Michigan Central road, the first year it was taken by the company, paid 14 per cent. dividends.

Judge Thomas.—What did it pay under the last year's management by the State?

Mr. Joy.—It never paid anything.

The Chairman.—What was its capital?

Mr. Joy.—The capital was the same. No, I can't say that; I would not say that. The State sold it for two millions. It was then finished about one hundred and fifty miles. Up to that time it had been managed by the State. It was a flat railroad, and had been worked and worn out practically. I do not say that the State did not make a profit on it; they never had made any dividend. Of course, if there was any profit it went to the state treasury. But the road had been worn out, and the State had become unable to keep it and maintain it. They sold it to the Michigan Central, and the first year they paid fourteen per cent. dividends (as I know, for I happened to have some of the stock) on two millions, with the same length of road. I do not say that the State did not make money; I don't know. What I do know is this: they failed to keep up the road. It ran down; it was worn out; the State failed on its public works, and was compelled to sell the road.

The Chairman.—Were there any other roads running in competition with that road in the State of Michigan?

Mr. Joy.—They could hardly be said to be in competition at all. The Southern road was built across the State in the same direction, but it was forty miles off, so that it did not affect the local business, and it was all local business then.

The Chairman.—You have some knowledge of the Chicago and St. Louis road?

Mr. Joy.—Yes, sir.

The Chairman.—Did not that fail as a private enterprise?

Mr. Joy.—Yes, sir. Mr. Henry J. Dwight, of New York, undertook to build that road.

The Chairman.—Have not other roads, built by private enterprise, failed?

Mr. Joy.—Yes, sir.

The Chairman.—What was the population of Chicago in 1846?

Mr. Joy.—Seven or eight thousand.

Mr. Bates.—What is it now?

Mr. Joy.—Three hundred and fifty thousand; perhaps four hundred thousand.

Judge Thomas.—Can you state to the Committee any case of the successful management of a railroad by a State?

Mr. Joy.—I have never known any instance of such management. Missouri undertook to do it. Illinois undertook to do it. The result in the State of Illinois was that it spent fifteen millions of dollars, and never got a mile of railroad done. The State of Missouri spent about thirty millions of dollars altogether. They finished the Missouri Pacific half way, perhaps, to Kansas City, and then they put it into the hands of private individuals, who put their money into it and got it through. They undertook to build the North Missouri road, spent six millions upon it, and then sold it for two hundred thousand, which was equivalent to giving it away. They undertook to build the Iron Mountain road, which they also gave away. The result was, that after spending thirty millions in building various railroads, the only one which they realized any money from was the Missouri Pacific, which they sold for—I do not know how much, but it was a comparatively small amount. The other two they practically gave away, for somebody to take and finish them.

The Chairman.—Did they not sell them before the business was developed?

Mr. Joy.—They sold the North Missouri four years ago; they sold the Missouri Pacific a little longer ago than that. St. Louis was a city of three hundred thousand people when

they sold these roads. They were roads running to St. Louis.

Mr. Derby.—You have met with no instance of State success in the management of railroads?

Mr. Joy.—So far as I have known, the result has been universal failure where a State has undertaken it. I think I have known some Northern States where it has been undertaken with the same result.

Mr. Derby.—How was it in Pennsylvania?

Mr. Joy.—The same.

Mr. Crane.—Under the management of the Michigan roads by the commissioners, what method was there by which parties having claims against the roads or the commissioners could prosecute them? Could they be sued?

Mr. Joy.—No, sir; they were dependent upon the mercy of the commissioners. They had some discretion in such cases.

Mr. Crane.—That has been the case in all other States where the State has tried to manage a railroad?

Mr. Joy.—So far as I have known, it has.

Judge Thomas.—Has a State ever given a right of action against itself in such cases?

Mr. Joy.—I have never heard of such a case. I think the State of Missouri, on the whole made money. After losing their thirty millions, they got their roads finally into good hands, they were built through, and have developed the State to an immense extent. At the time when they spent their money, nobody else would. I think the State of Massachusetts will make money through the expenditure on the Tunnel. Although it may not get very much money back for it, still I think it is a great thing for the State.

The Chairman.—What capacity of elevator would you build in Boston?

Mr. Joy. I think an elevator in Boston holding 800,000 bushels would contain all the grain you would accumulate at any one time. You will keep shipping from it, and 800,000 or 1,000,000 bushels would be all you would accumulate. Grain passes through an elevator almost as fast as you can put it into it.

Mr. Derby.—Would it not remain a little longer than it does in Chicago, waiting for orders or for vessels?

Mr. Joy.—No, sir; I think it remains in Chicago longer than any other place I have known. They put it into an elevator, take their receipt for it, and go on the exchange and buy and sell. Sometimes they let it remain three months.

Mr. Derby.—How long, on the average, should you say it remains?

Mr. Joy.—During the winter months the elevators get filled up. In summer it does not remain at all. It goes in and out just as fast as it can, and goes into vessels. They have been compelled to let it remain there in the winter because they cannot get it away.

The Chairman.—On account of the lack of railroad facilities?

Mr. Joy.—Yes, sir; they cannot get it away.

The Chairman.—In the summer they have water facilities combined with railroad facilities?

Mr. Joy.—Yes, sir; in the summer they can keep them clean, and then it goes through just as fast as it comes in.

Mr. Coffin.—Can you give the cost of shipment to Buffalo by the barge system which has been recently adopted?

Mr. Joy.—They have never tried it for grain. Everything goes by rail or steamboat from Chicago. The barges are not used on the lake for grain. I can tell the price for grain generally. The shipping interest can carry grain from Chicago to Buffalo at five cents a bushel and make money. This last year they have charged eighteen cents a bushel. Five cents will give them a good profit, but this last year, during the whole season, they have charged about eighteen cents.

Mr. Derby.—Which is the most important shipping port on Lake Ontario?

Mr. Joy.—Oswego does the business on Lake Ontario, almost entirely.

Mr. Derby.—Nearly all the business on the lake, does it not?

Mr. Joy.—Yes, sir. I don't say that other places might not do just the same business, if they had the same railroad connections; but Oswego does it now.

Mr. Coffin.—What will be the probable effect of the en-

largement of the Welland Canal and of the connections with the St. Lawrence, to Montreal, in sending grain beyond Buffalo?

Mr. Joy.—If they could get a connection down the St. Lawrence, and the means of carrying grain out in large vessels, there would be immense quantities go that way. The difficulty now is, that no vessel of any size can go through the Welland Canal, and no shipper can afford to ship from the West to Europe by that route, because the cargo is too small; the expense would be too large in proportion. If they could ship in large vessels from the West to Liverpool, the grain would go out that way. That is what I have been trying for many years to accomplish, by getting a ship-canal around the Falls of Niagara, on our side, and getting the Canadians to enlarge their canals. Whether it will ever be done, I do not know; but if it is done a very large quantity will go that way.

Mr. Coffin.—If the Caughnawaga Canal were completed, what would be the effect in bringing grain to that route?

Mr. Joy.—I do not know enough about the outlet on Lake Champlain, this way, to be able to say. I do not believe it would bring much grain that way. It would have to go down Lake Champlain into the Hudson River, I suppose.

Mr. Coffin.—It can be brought to Burlington, within 223 miles of Boston, and then taken by rail; or it can go to Ticonderoga, within 201 miles of Boston?

Mr. Joy.—I don't think you can accomplish much in that way. I think grain is coming to New England in cars that will take it at Chicago and bring it to the point where it is to be shipped, without change. I does now, to an immense extent.

Mr. Crane.—If we have a double-track line of railroad from Boston to Lake Ontario, thence along the shore of that lake to Niagara River, in connection with the Great Western road of Canada, thus forming a direct connection with the Michigan Central,—with such a line of railroad, under one president, one superintendent, and one board of directors, what, in your judgment, would it earn upon the investment, allowing it to cost \$105,000,000, as against \$204,000,000 by the New York Central? Taking that line at half the cost,

under one management, coming from Chicago to our wharves here, is there any question in your mind in regard to its paying a large percentage on its cost?

Mr. Joy.—The Michigan Central earns about \$5,000,000, the Great Western not quite so much; say \$10,000,000 for both roads. The distance is five hundred miles. How far is it from Chicago here, by the route you mention?

Mr. Crane.—The whole distance is about 980 miles.

Mr. Joy.—Well, with a good road it would earn from twenty-five to thirty-five millions of dollars; if it was good road, well equipped and kept in good order.

Mr. Crane.—What per cent. would it probably earn on its cost, well managed?

Mr. Joy.—It is impossible for me to say. I can't tell what it would cost. The cost of a railroad depends upon various circumstances.

Mr. Crane.—Would it earn as much as this parallel line to New York City, the same distance?

Mr. Joy.—I think it would.

Mr. Crane.—Do you know what the capital stock of the New York Central and Hudson River Railroad, the Lake Shore and Southern Michigan, to Chicago, stands at?

Mr. Joy.—Very nearly two hundred millions.

Mr. Crane.—Provided our line shall cost, when completed, one-half that, the same distance to Chicago, what will it pay?

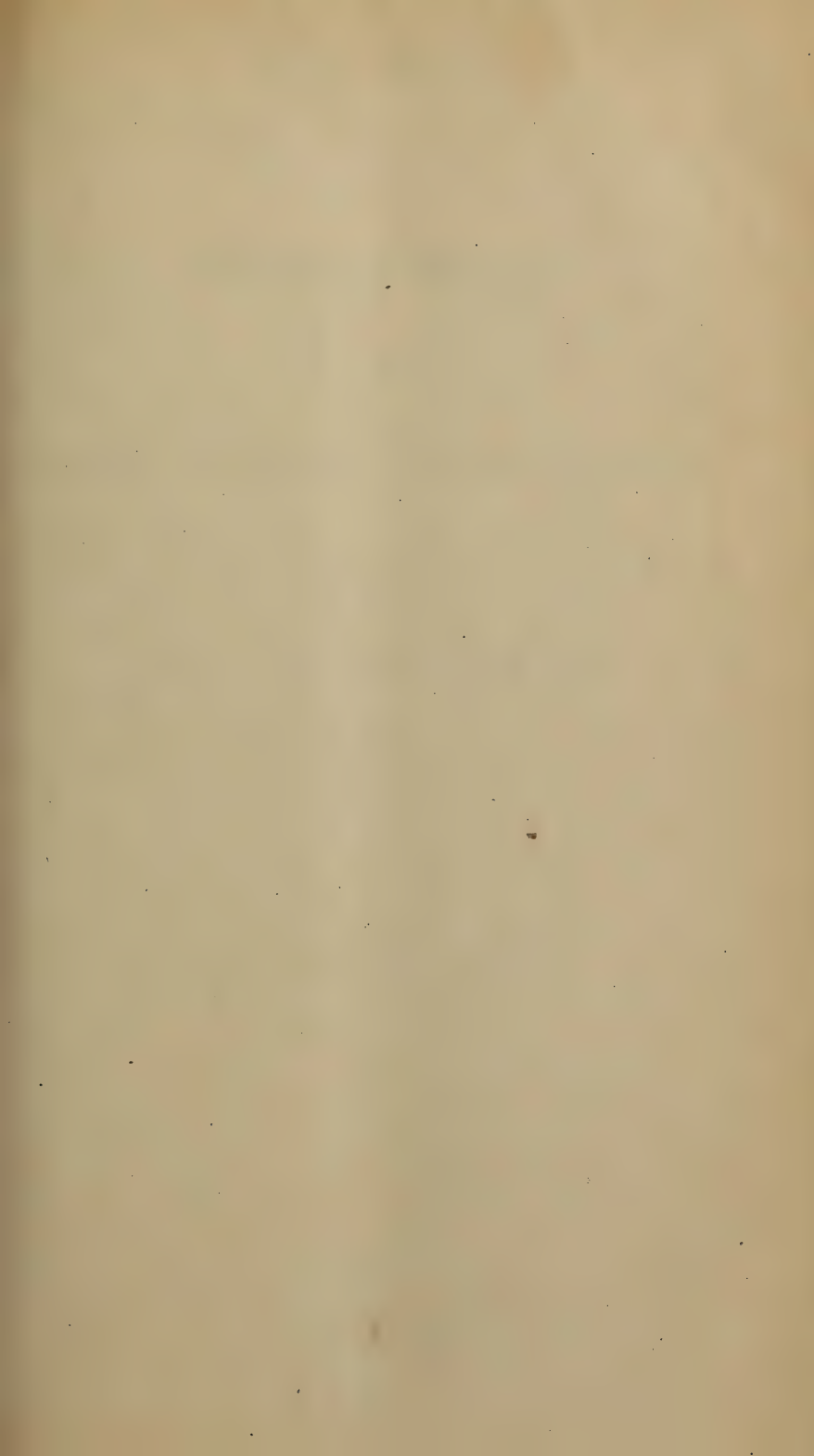
Mr. Joy.—Oh, it will pay a great deal better, of course.

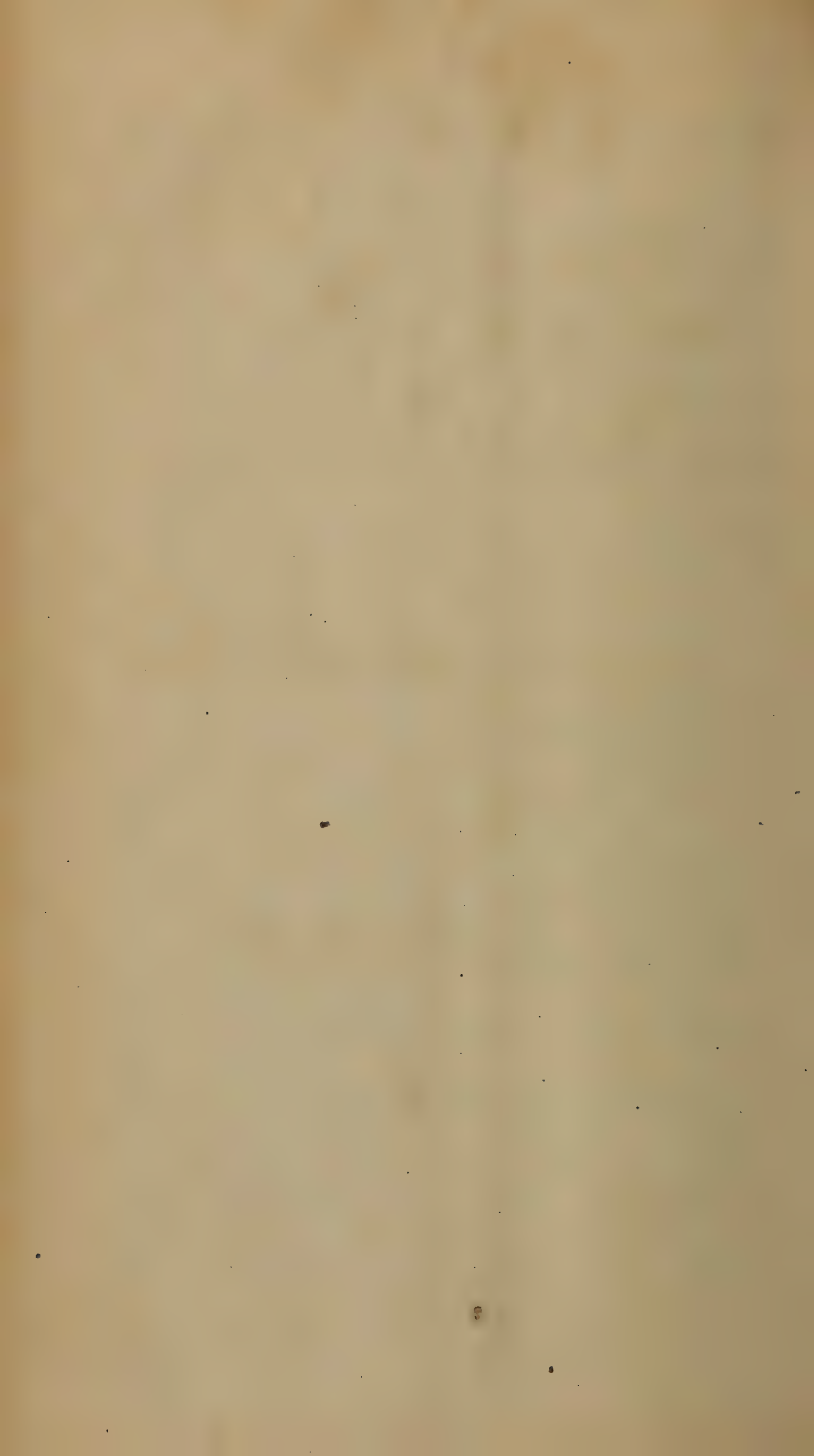
Mr. Crane.—Can you tell the number of tons of freight that now comes from the West to Buffalo and crosses the bridge at Albany, coming east?

Mr. Joy.—I cannot tell the number of tons; I have not looked at the statistics.

Mr. Crane.—Suppose our double-track road from here to Niagara River were so built that we should turn the business of the entire west and south shore of the lakes into this line, near Buffalo, in addition to that which we should get from Chicago, would it not become a line of great strength?

Mr. Joy.—It would be a line of immense strength, of course, if you could accomplish that.





REPORT

OF THE

THIRTEENTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

FEBRUARY 26, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

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THIRTEENTH HEARING.

Mr. Charles F. Choate, counsel for the Northern Railroad of New Hampshire, make the following argument :—

Mr. Chairman and Gentlemen:—I appear before you in behalf of the Northern Railroad of New Hampshire, in opposition to so much of the petition as relates to the consolidation of the Boston and Lowell and Fitchburg Railroads. With the general question of consolidation I have nothing to do. As to the disposition to be made of the tunnel I have no suggestion to make. These are domestic questions, to interfere with which would be impertinent on my part. But I do not know that any apology or excuse is necessary in coming before a Committee of the Massachusetts legislature to represent a corporation without the limits of the State. If any one will glance at a railroad map of Massachusetts it will be evident enough that the railroads terminating in Boston have been built entirely independently of state lines. Look in every direction and you will see that Boston is the centre of a great railroad system, the railroad capital of New England extending its lines in every direction where business is to be found or is to be created. Very soon after the Boston and Lowell Railroad was built it was extended up into New Hampshire—first by the Nashua and Lowell Railroad, then by the Concord, then by the Northern and then by the Vermont Central and Ogdensburg to the West. The Northern Railroad was mainly built, and is now owned, by Massachusetts capital. Of its directors, four are citizens of Massachusetts. At least three-quarters of its capital is held within this State, and we can look upon it in no other way than as one of the Massachusetts system of railroads which have been built for local business, serving local business to a very large

extent, but at the same time tending to promote the growth of Boston as much as any railroad in the Commonwealth. I think, Mr. Chairman, that there is no part of New England the business interests of which are so intimately, I might say entirely, connected with the city of Boston as those of New Hampshire, and perhaps more particularly those of the Valley of the Merrimac River, extending from Concord (for these lines lie in that valley) to Nashua, New Hampshire, more intimately connected with the business of Massachusetts than parts of the State of Massachusetts itself. The southern part of the State finds its business connections in Providence; the western part in New York, to a large extent. The business of Vermont and New Hampshire is peculiarly with Massachusetts and Boston, and you cannot legislate in a way to affect the business interests of New Hampshire, in this respect, without at the same time affecting the business interests of Massachusetts and of Boston. I cannot express it to the Committee any more clearly than was done by the counsel for the Lowell road when he came before a committee of the legislature in 1869 and asked for terminal facilities for this Great Northern line. In 1869 the Lowell Railroad came before the gentlemen who then occupied your places as members of the Committee on Railroads of the legislature—came before them asking for terminal facilities, not for the Lowell Railroad, but for the Great Northern line of railroads (including those shown on this map), for which it then claimed to be the natural terminus. I quote from the argument of the counsel, page 10:—

“In other words, as I stated in the opening argument, the Boston and Lowell Railroad does not stand here asking these terminal facilities for the benefit or accommodation of any twenty-six miles, or any forty miles of railroad of which the Boston and Lowell Railroad is the terminus. The cars from the Boston and Lowell depot run to every point of this nine hundred miles. This line cost fifty millions, and a very large part of this amount came directly from citizens of Boston.”

I stand here representing this Northern line of roads, and I ask you in your deliberations to consider, in making any

arrangement with the Commonwealth of Massachusetts, how far the interest of this line of roads is to be affected by the legislation which you may recommend.

I also quote from this same argument to show the connection of the business of New Hampshire and Vermont, which to a certain extent is done over this line of roads with Massachusetts and Boston. On page eight of this argument I find the following statement :—

“ Now let me ask your attention to another matter. I speak of the business interests of Boston. She lies within the Commonwealth of Massachusetts, but so far as business is concerned, so far as the metropolitan character of Boston is concerned, Boston to-day is no more the capital of Massachusetts than of New Hampshire. I will go farther and say, that taking the business interests of New Hampshire as a whole they are more intimately connected to-day with the city of Boston than the business interests of Massachusetts taken as a whole. Show me a man in the State of New Hampshire who does business with any city on the continent who does not do business with Boston and it will be a rare exception. The same thing is true to a great extent of Vermont and of Maine. All these three States are more intimately connected with the business interests of the city of Boston; aye, sir, the prosperity of Boston is more intimately connected with their prosperity than with the business interests of the western part of this Commonwealth itself, and, therefore, if there were no other reason for my friend (who is the manager of a line of road from here to Ogdensburg) and myself coming here it would be found in the fact that the business interests of our friends and fellow-citizens throughout the State of New Hampshire are as truly identified with the prosperity of the city of Boston as are the business interests of any people forty miles distant from the city and who do business here.”

There is another reason, and I think a very good one, why the Northern Railroad may come here and fairly represent this Northern line, and that is, because it was the founder and the originator of the Northern line. It amuses any one who is familiar with the early history of this line to hear the laudations of counsel upon the energy, pluck and determination of the Lowell Railroad, which, they say, opened this Northern line for Boston. It did no such thing. Every obstacle was thrown in its way by the Boston and Lowell

Railroad. For years it refused to coöperate with it. I have here the early contracts. On the 16th day of March, 1854, the Northern Railroad of New Hampshire entered into a contract with the Vermont Central Railroad and Ogdensburg Railroad, which I propose to submit to the Committee, if they desire to see it, for the formation of this Northern line. This contract provided for running through-lines of passenger and freight-cars between Boston and Ogdensburg. It was done at great expense. The Northern Railroad, in order to consummate this contract, paid to the Ogdensburg Railroad \$150,000, for which it took in payment the second mortgage bonds of that corporation, which bonds eventually proved to be almost a total loss. The provisions of this contract were, that cars should be run in each direction between Boston and Ogdensburg for the establishment of a through passenger and freight line. Having secured this contract, the Northern Railroad came to what we call the lower roads,—the Concord, the Boston and Lowell, the Manchester and Lawrence and the Boston and Maine,—and proposed to them to unite in the creation and establishment of this through-line. The Northern Railroad proposed that they should bear with it some of the burdens of the contract; that they should contribute towards the payment of the \$150,000 which the Northern Railroad contributed at that time towards the equipment of the Ogdensburg road; and should be entitled to share in its benefits. At that time some of them refused. The business, however, was done under this contract until 1857. In 1857 the Northern Railroad succeeded in completing the arrangement with the Manchester and Lawrence, Boston and Maine, the Concord and Nashua and Lowell Railroads to come into the arrangement and form part of the through-line. But in this contract the Boston and Lowell road refused to take any part. It did allow the business to be done on substantially the same terms over its line.

From that time until 1865 business continued to be done in that way. The Northern line business was considered by all the roads as the Northern Railroad business. Settlements were made with the Northern Railroad. It was to a very considerable extent the banker of the line, and furnished money by which the principal roads were kept in operation.

Time and time again the Vermont Central and the Ogdensburg were kept from failing by the money advanced and loaned them by the Northern Railroad. In 1865 the line had become as substantial a success as a line can be where the parties over the whole line will not come into the arrangement—that is, I hold it to be absolutely essential for an efficient through line that all the parties shall be interested in the line. While the Lowell Railroad held off and refused to become a party to these contracts and to form a portion of a through line there was some difficulty. It was difficult without having an absolute terminus in the city of Boston, upon a railroad which was identified in interest with the other portion of the line, to establish a line thoroughly efficient. In 1865 the first contract was made for a through line between these roads in which the Boston and Lowell joined. Before that time it had all been done by the Northern Railroad, and done as its business. This contract of 1865 was continued five years by yearly extensions and was substantially in the form of the contract of 1870 under which the line is now operated.

In 1870 the present line contract, as it is called, by which the Vermont Central line was formed, was made between all these corporations to run for a period of twenty years, entitled, "The Contract for the Business of the Vermont Central in connection with the Northern, Concord, Nashua and Lowell and Boston and Lowell Railroads." To show for what purpose it was made I will read from the preamble:—

"That whereas the respective parties own, operate or control the several parts of a continuous line of railroads extending between Boston, in the State of Massachusetts, and the Province line in the State of Vermont, with sundry roads and branches connecting therewith; and whereas it is for the best interests of all concerned that so much of the transportation business over such road as is common between said first parties (the Vermont Central Railroad), and the said other parties severally shall be managed in such manner as to secure efficiency, economy and the public convenience:

"Now, therefore, for the accomplishment of these purposes, and for the purpose of maintaining between themselves relations which shall prevent conflicts of interest between any of the respective

roads and branches, it has been and is hereby mutually agreed between the parties as follows:—

Then follow the provision under which this line is to be established. In the first place under the entire charge of two managers, one of whom shall be chairman, and the manager of the Lowell road has always been and is now this chairman. The provisions of the contract are intended to apply to through business, and for the purposes of through business to establish one consolidated line, giving the entire charge of that business to a board of directors consisting of six representatives of the various roads (only one of whom can be appointed by the Concord road), of whom two shall be elected managers and one chairman. It contains all the provisions in regard to supplying the cars by the different roads. It contains the provision which I read to the Committee the other day, that every corporation that enters into this contract will, during its term, use every means to promote the efficiency of the line; that they will make no contracts to divert from the line the business for which it was established; that they will respectively, "so far as they properly may, in all respects manage and direct said business on their several roads so as to secure to the others the traffic as hereby intended."

The object of this contract, Mr. Chairman, is obvious enough. It was to form for the through business a consolidated line, leaving all the local roads to manage their own business as they pleased. For instance, this contract is made for the transaction of the through business; that is, the business from Ogdensburg and the West to Boston and intermediate points; each railroad company made contracts with the individual members of the line for the transaction of its local business. And in speaking of the local business, I don't know that the Committee are entirely aware of the manner in which railroads manage business of this kind. For instance, all business which originates on the Northern Railroad, between different points on the Northern Railroad and Boston, is considered the local business of the Northern Railroad. A passenger from Boston to any point on the Northern Railroad, and *vice versa*, is a Northern Railroad passenger, and is carried

over the other roads in cars supplied by the Northern Railroad at rates fixed and agreed upon by the parties, such business being entirely independent of this line contract. There are two sets of contracts between these parties,—one in which they all join, for the purpose of making an efficient line for the transaction of through business, and consisting of separate contracts between individual members of the line, by which they provide for the transaction of their own local business. The line contract to which the Concord road is a party, carried the line as far as the Ogdensburg Railroad. The Ogdensburg Railroad was not a party to this contract, but simultaneously a lease of the Ogdensburg road was taken by the Vermont Central trustees for the line, of which I have a copy which I will hand to the Committee; that is, the lease was first made and the contract formed between the trustees and managers of the Vermont Central and the Vermont and Canada Railroad and the Ogdensburg Railroad Company, by which it was agreed they should operate the Ogdensburg road. A provision was then made that the roads in the line,—the Northern, the Concord, the Nashua and Lowell and the Boston and Lowell,—should become parties so far as to become entitled to the benefits and subject to all the burdens of this lease. It is taken for the joint benefit of the line, and not for the benefit of the Vermont Central Railroad. This has been approved by the chancellor of the State of Vermont, and is now in effective operation.

The only difficulty that has arisen with the Concord road occurred at this time, when it was asked to become a party to this guarantee of the lease. It declined to do it, and inasmuch as it did so, the other members stepped in, and a supplementary contract was made, reciting that whereas the Concord road had refused to join in this lease, the other parties would take it for the whole line, with a provision that the Concord road might come in at any subsequent time.

I am unable to see that the efficiency of the line is in the slightest degree affected by the refusal of the Concord Railroad, or by the fact that the Concord Railroad does not come in and take a portion of the Lake Champlain and Ogdensburg lease. The line is just as efficient without the Concord road signing that instrument as it would be with it.

The next year after this contract was made, a contract was also made by the line, that is, by all the railroads forming this line, with the exception of the Concord Railroad (and let me say that in the preamble to this last contract it is provided that the Concord Railroad Company of New Hampshire shall be a party, provided it execute this agreement), for the lease of a line of boats running from Ogdensburg to the West. It was substantially done in this way: The capital of the boat company was \$600,000. The Ogdensburg road advanced its bonds to the amount of \$600,000 to purchase this stock, which was placed in the hands of General Stark and Governor Smyth as trustees of the management of the boat line. A provision was made by all the parties for payment to the Ogdensburg road to indemnify them for and to pay these bonds. A proportion of the proceeds of the business, not exceeding \$150,000 per year, is to be withheld by the Lowell road from the proceeds of business as it comes from the West to be applied to the payment of these bonds, and provide a sinking fund for the payment of the bonds of the steamboat companies. This line of steamers consists of twenty-one vessels of an aggregate valuation, as stated in the schedule of sale, of \$1,000,000, suitable for the navigation of the St. Lawrence. They can pass through the Welland Canal and reach all the points of the West accessible by water. The company has storehouses at Oswego, Cleveland, Toledo, Detroit, and Chicago; and this constitutes the Northern line.

Now what is this Northern, this Vermont Central line? I again read to you from the argument which was presented to the committee of the legislature at the time when this Northern line, through the Boston and Lowell road, asked for terminal facilities:—

“Let me ask your attention to another thing. When this line of 406 miles reaches Ogdensburg, what does it there find? It there finds a line of steam-propellers which run through Lake Ontario and by the Welland Canal into Lake Erie; then by various lakes into the harbor of Chicago, thus furnishing a direct communication,—a main line from Boston to Chicago, with water communication, excepting 406 miles of rail. And, Mr. Chairman, let me mention another thing well known to a gentleman of this committee, who, in my judgment, is one of the very best railroad men in this Com-

monwealth, that by an arrangement between this line of railroad to Ogdensburg and the boats freight is taken from Boston to Chicago or *vice versa* with an equal division between the boats and the railroad line at whatever prices the freight may be taken. If freight is taken at \$10 per ton from Boston to Chicago, the line between Boston and Ogdensburg gets \$5 of this \$10, and the boat gets the other \$5; so that by this arrangement here the distance, less to Chicago, is practically twice 406 miles, or 812 miles by this route if you measure distance by the price at which freight is carried. Let me repeat (because I regard it as a very important matter, bearing upon this question which, all things considered, is the most practicable and cheapest route to-day from Boston to Chicago and the great West),—I claim, and I think I can show to any railroad man, that this route by the way of Ogdensburg to the West is the cheapest route, is peculiarly the Boston route, and is the best freight route to-day existing. I said that the railroad received just half of the price paid for the transportation of freight from Boston to Chicago and the boats receive the other half; therefore it brings Chicago, in everything except the matter of time, practically within 812 miles of Boston. I want to have you tell me of any other route by which practically to-day Chicago is brought within 812 miles of Boston.”

Then follows a list of the equipments of this Northern line. It gives for all the various railroads of this line,—which, however, includes two small roads not in the direct line,—204 locomotives, 150 passenger cars, 76 baggage, 4,203 freight cars.

This line is as efficient to-day as in 1869. It is more efficient. In 1869 the parties were merely acting under a contract from year to year. Now they are acting under a contract which has twenty years to run. Now the line has a lease of the Ogdensburg road. Now this line owns the boats. To-day the manager of that line, at times when navigation on the lakes is open, seven months in the year, without consulting anybody, can name the price of freight between Boston and Chicago, and, whether it is carried over the line or not, fixes the rate on all other lines.

There is no other way in which you can control Western rates. You talk about the tunnel line; until you get the tunnel line continued through to Oswego you are not in a position to occupy the same place which this line now has in

the railroad policy of this Commonwealth and of New England. Your roads are at the mercy of outside corporations. The Boston and Albany road can only fix its rates to Chicago by consultation with railroad men in New York. When you get the tunnel line completed, the operators of the tunnel line, until they get a port on the lakes, until that line is continued through to Oswego, Ogdensburg or some other port, stand in the same position. They are at the mercy of the parties who control the railroads of central New York. They will be placed in the same position in which this line has been placed in the winter, when the only means of communicating with the West were over the Grand Trunk Railroad. The Grand Trunk Railroad Company was told by Commodore Vanderbilt that if it connected with the Ogdensburg at these low rates he should not connect with it over the New York Central, and the business over the New York Central was too important for it to give up.

I say, therefore, that I agree with the representation made here by the counsel for the Lowell road in 1869, that this Northern line is just what Boston wants. It is a line which does effectually, during the time when navigation is open, keep up that competition which the Railroad Commissioners told you was the great thing to be sought.

You want to get a line which cannot combine. Now, if experience shows anything, it is clear, from the testimony of Mr. Millis, that during sixteen years in which he has been connected with this line it has combined but once, and then only for a period of two weeks; during all the rest of the time it has been in competition with the other Western lines, and has substantially fixed the through rates between Boston and the West.

I do not understand that the efficiency of this line is in any way affected by the financial position of the parties. The Vermont Central road is in trouble, but it does not affect the running of cars; business comes through in precisely the same way as before. There is no fear that the line is to be broken up because the parties are in financial difficulty. There is no fear that the line is to be broken up because the Concord Railroad does not sign these contracts. There is no fear that the line may be broken up because there may be local troubles

between different parts of the line. For all the purposes of through transportation the Vermont Central line stands to-day as more firmly established than ever; and I think that it promises in the future to be what it has been in the past,—the controller of through rates between Boston and the West.

But it is not merely as a Western line, Mr. Chairman, that this line is of importance to Boston. A mere glance at the map shows that the Northern line is a great tributary to the business of Boston, and to the business of Vermont and New Hampshire. It runs through the whole length of those States. It is evident from the map, and has appeared here from evidence of parties in interest, that it is to a large extent in competition for this business with the Fitchburg Railroad.

The Fitchburg Railroad, by means of the Cheshire and Rutland, can connect with almost every point in Vermont and New Hampshire. The railroads ramify in such ways that there is hardly a point in Vermont and New Hampshire that cannot be reached over the Fitchburg Railroad. Since the opening of the Nashua and Acton road, even the valley of the Merrimac River is accessible to the Fitchburg Railroad.

At a time when you are proposing to consolidate the roads over which this business with Boston is done, other States are trying to extend roads into this very country. The Portland and Ogdensburg Railroad traverses the whole Northern portion of Vermont and New Hampshire. The Portland and Rochester Railroad, with projected extensions, covers the whole of the southern portion of New Hampshire.

Now, can Boston afford, at a time when other cities are competing for the business of Vermont and New Hampshire, to put any check upon this business, or to do anything which shall impair, in the slightest degree, the efficiency of the railroad system which connects Boston with this territory? It seems to me that it would be very unwise.

Now, Mr. Chairman, what is the effect of the proposed consolidation on the various classes of business. And first, I refer to the Western business, or business done with the West over the Vermont Central line. And I again wish to read to the Committee from article fourteen of the contract under which this line is formed:—

"It is the intention of the parties to this agreement to secure to the connecting and continuous line of railroads above mentioned, all the business requiring transportation between points thereon, or which may be conveniently reached thereby. And the parties hereby mutually agree that they will not do to, nor, so far as they can control the same, with a just regard to the public convenience, suffer to be done, any act or thing which shall in any way contravene the letter or spirit of this agreement; and that they will, respectively, so far as they properly may, in all respects manage and direct said business on their several roads, so as to secure to the others the traffic as hereby recommended."

Now, are you ready to place the tunnel or the Fitchburg Railroad, which everybody says is the key to the tunnel, in the hands of a corporation which has obliged itself for twenty years to come, to do everything to promote the efficiency of another line westward, with which when the tunnel is completed it shall be in direct competition?

The only reply made to this is that perhaps this contract is not legal and may be broken. I don't care which horn of the dilemma you take. The integrity of the Northern line depends upon that contract. If the Lowell Railroad keeps the contract, you place the tunnel in the hands of a rival line. If it breaks the contract, you break up the existing Northern and Western line, which from all the testimony in this case has been and is likely to be of immense advantage to the business of New England and Boston. The advantage of this Northern line is not confined to the city of Boston. It extends over the whole line of road. Every town and every city in the valley of the Merrimac River derives an equal advantage with Boston from the Northern line. It brings cheap flour and grain to Concord, Lawrence, Nashua, Lowell and Manchester. It enables the manufacturers of those cities, who are, to a very great degree, Boston and Massachusetts manufacturers, to compete successfully with the other parts of the country. By this outlet, over the Nashua and Worcester road, it brings Worcester and a great part of Massachusetts within the circle of the competition which is kept up and is equally advantageous to that part of the State.

Now in regard to the effect of consolidation on the local interests of New Hampshire and Vermont. I suppose there

is no doubt that putting the Fitchburg and Lowell roads together creates a monopoly to which the whole business of Vermont and New Hampshire must be tributary. If you will look at the map you will find that every railroad running toward Boston, between the Boston and Maine on the east and the Boston and Albany on the west, must enter the city of Boston to-day over one of these railroads, and every railroad corporation in the whole territory traversed by every railroad in that whole circuit is made tributary to this monopoly.

Now in some respects I agree with Mr. Derby's eulogies of monopolies. When you state as a railroad aphorism that one railroad corporation can do business cheaper than two, I agree with it, Mr. Chairman. I have no doubt that it can. I have no doubt that between two points, if there is only one railroad, that that one railroad can do the business cheaper than two; but I think it is equally clear that it will not do it. Place the power in the hands of a railroad manager and his business is to get all the money out of the traffic that it can bear. And substantially the only way by which to-day you do control railroad rates is by competition. I don't know that there is any better way than to refer to an example of railroad monopoly and its results. And I think, without wishing to say one word against the managers of the Boston and Lowell Railroad, admitting that their management has been able, efficient and successful for the stockholders of the road, the Boston and Lowell, and Lowell and Nashua furnishing a fair example of such a monopoly, has been throughout, and is shown throughout in the legislation of this State, and in attempted legislation in New Hampshire, an attempt at monopoly. If you look at Lowell, every railroad which has its terminus in Lowell has passed under the control of that corporation; including railroads which have no connection with it or with one another. So it is with the city of Nashua. The business of Nashua being chiefly business between Boston and Nashua has been enjoyed as a monopoly by the Boston and Lowell and Nashua Railroads. And now what is the result, Mr. Chairman? Anybody that has been at the state house within the last two years knows with what zeal and determination the people of Nashua have pushed to comple-

tion the Nashua and Acton Railroad, to get a new avenue from Nashua. And I believe it is a fact that the only railroad corporation which has been formed in this Commonwealth under the General Railroad Law is a railroad company formed by the people of Lowell to get an independent connection with the outer world over the Boston and Maine Railroad. Now, I respectfully submit that however successful for stockholders the principle of monopoly may seem to be, it is not one that is satisfactory to the people.

But it may be said, Mr. Chairman, that if you do not grant this Act, authorizing a consolidation of the Fitchburg and Lowell roads, that they may combine by contract. In the first place I reply, that they have no legal power to make a contract to combine; and in the second place I will run the risk of saying that they never make a contract to combine. They can do what they have attempted to do here, and say, "We will put the roads together for a new company; we will put in the property at an appraised valuation." But let them attempt to form a business contract by which the business is to be divided and they cannot do it. The competition between the Fitchburg and Lowell roads is not sufficiently vital to produce combination. When competition is carried to such an extent as to threaten dividends, I suppose it will overcome any hostility between any two corporations. But where the competition is merely incidental, i. e., not interfering with the general business of the roads, it will never produce combination. The Fitchburg and the Lowell roads have each an independent business. They each have enough to do, and the competition between them is at points which do not vitally affect either of them.

I do not know, Mr. Chairman, that I am required to say anything here for the State of New Hampshire. I suppose New Hampshire can survive all attacks which can be made upon her. It seems to me, that in some respects, these attacks are unjust. And in regard to the particular legislation spoken of here as asked for and refused, I think it proper that I should lay before the Committee the precise facts, because I do not think that they have been fairly stated to the Committee,—what has been asked for, what New Hampshire has done and what she has refused to do. Now if you

will refer to this charter of the Great Northern Railroad Company, passed in this State (and let me remark that it is the most remarkable railroad charter found on the pages of the legislation of this State or any other), there are certain points to which I wish to call your attention. The first is this: there are four corporations named,—the Boston and Lowell, the Nashua and Lowell, the Concord and the Northern railroads. Now any two of these may combine and form a corporation. But it is evident enough, that as every one of these corporations is partly a New-Hampshire company,—except the Boston and Lowell,—that some legislation in New Hampshire was necessary, in order to make this charter in every way effective; that is, the Concord, the Nashua and Lowell and the Northern were all New-Hampshire companies; and to enable them to join in the formation of this Great Northern Company, they must get authority from the State which created them; namely, from the State of New Hampshire. Therefore, the Great Northern Railroad charter could never, in any way, become operative until New Hampshire had sanctioned it.

This corporation has authority to issue capital stock amounting to some \$60,000,000. In 1871 the legislature of this State passed an Act intended to limit the powers of those railroad companies which extend beyond the line of the State. The Boston and Maine, the Nashua and Lowell, the Vermont and Massachusetts, the Boston and Albany, the Providence and Worcester, the Worcester and Norwich, the Springfield, Hartford and New Haven and the Old Colony are all the great corporations of the State, and are all corporations which extend beyond the state line. There is an Act on the statute-book which prohibits any of these corporations building a side-track outside of this Commonwealth, without coming here and asking your leave; that is, anything which requires legislative sanction in another State requires them to come here and ask your consent. In the light of this statute it seems extraordinary that you should allow to remain on the statute-book, a charter which gives a railroad corporation the general roving right to buy railroads over the State of New Hampshire. It is not necessary that those purchased roads should be continuous, or form a continuous line. It

can buy them pretty much anywhere that it wants them, and at the price it chooses to pay for them. You prohibit companies in this State from making stock dividends, but this company can increase its stock to the full extent of the stock of the purchased roads—about which you know nothing. The only provision in the charter is that there shall be a commissioner appointed by the governor, and paid by the company, who shall assent to the issue of this stock. I don't know that it can be regarded as wonderful, that when parties came up into New Hampshire with an Act of incorporation which authorized them to buy up all the railroads in New Hampshire and put them into one corporation, that the legislature should be a little shy of it. Take a parallel case and see how it would strike you. The Manchester and Lawrence Railroad has twenty miles in New Hampshire, and the Boston and Maine has twenty-six miles in Massachusetts. It is about the same thing as if the State of New Hampshire had passed an Act by which it authorized the Manchester and Lawrence Railroad and the Boston and Maine Railroad to form a corporation under the name of the Great Southern Railroad Company, with a capital of \$60,000,000, and with permit to go over the State of Massachusetts and buy up all the railroads that it pleased.

Then there is another point where it touched a matter in which the people of New Hampshire were then particularly sensitive. This question of consolidating competing roads was not a new one in New Hampshire; it was a thing that they had considered. They made up their minds that it was not wise to consolidate competing roads; that where competition existed, it was best to keep it up; and they had passed a stringent Act in New Hampshire (where they had always refused to consolidate competing roads) providing that no rival or competing roads should be maintained by the same corporation, under heavy penalties. This Great Northern Railroad bill gave authority to unite two competing corporations in New Hampshire. It excited the public feeling because the corporations had attempted to unite against the law. Is it to be wondered at that this should create some little excitement in New Hampshire at this time? I suppose there is no railroad question over which the people of New Hampshire have been

more sensitive than this: that the control of the railroads leading to the valley of the Merrimac should not pass into the hands of one corporation. There is no richer piece of railroad property in the United States than the Concord Railroad. I think its earnings are something like seventy per cent. on its capital. From the peculiar formation of the country the railroads pour into the valley of the Merrimac at Concord the whole business of the northern and western part of the State. From Concord it runs down a perfectly level road to Nashua. The Concord Railroad at one time had control of the whole business of the valley of the Merrimac; however, in order to create competition, and after severe conflicts the Manchester and Lawrence Railroad was built from Manchester to Lawrence, there connecting with the Boston and Maine. Then a railroad was built from Concord to Portsmouth, furnishing a new outlet to the seashore over which the coal for the Merrimac Valley is taken. The Portsmouth and Concord road is owned by the Concord road, and is a part of its line. An effort had been recently made by the Concord road to secure the control of the Manchester and Lawrence road. I think there had been a dozen attempts on the part of the two corporations to secure from the legislature of New Hampshire authority to unite. It was always fiercely contested and always refused by decisive votes. In 1860, after they had been foiled in this way a great many times, they made a contract to unite, and the Manchester and Lawrence and the Concord roads agreed substantially to form a new corporation, to put the roads together and pay the same dividends on their stock as it then stood; that they would own their shops together, and all their rolling stock together, and all personal property together. And under the terms of this contract the Manchester and Lawrence road was operated until 1865. In 1865 the natural effect of such a monopoly followed. The Concord Railroad (there being but one line of road from Concord down to Manchester, from which point the Manchester and Lawrence branches, running off to the Boston and Maine and the Concord, continuing down to Nashua), believed it had absolute control of all the northern business of New Hampshire, and could turn it whichever way it pleased. It made a contract with the Lowell Railroad, by which it agreed to compel,

and for a series of years did compel, the business of the North to come down over the Concord and Lowell Railroads. The Manchester and Lawrence was a closed road in effect. There was some trouble at first. Trains came from the North with orders to go down over the Manchester and Lawrence road. The engineers appointed by the Concord Railroad, endeavored to haul them over the Concord road. The brakemen, appointed by the Northern roads, blocked the wheels and for a time there was a complete block.

But the business was substantially turned over to the Concord road, under the provisions of this contract. The terms of this contract have always been a disturbing element, and perhaps the first one in this Northern line. They contained the condition that if the Concord Railroad turned all the Northern business over the Lowell road, its own business should be done at two-thirds the regular price. And the spectacle is witnessed to-day, of trains brought over the Lowell Railroad made up of cars from the Concord, the Northern, Concord and Montreal and Rutland Railroads, where the two last-named corporations are required to pay 50 per cent. more than is paid by the Concord Railroad for the same business. The substantial effect was to divert all business from the Manchester and Lowell Railroad, which became in effect a closed road. Now, in 1867, to meet this state of affairs, the people of New Hampshire had passed this law in regard to such rival and competing roads as these were, combining by contract, and making very stringent provisions to prevent such combinations. Immediately after 1867 suits were instituted which have just been terminated, and the court has since decided that two railroads have not the power to consolidate, and that the law of the State preventing such a consolidation is a constitutional act. It was when the feeling of New Hampshire was excited by this contest going on, that this Great Northern bill was brought there, which granted to the corporators the power to do the precise thing which the legislature of New Hampshire had passed an Act to prevent their doing, and which they were then litigating in the courts.

Judge Hoar.—Is that precisely correct? I think the only

application was that to authorize the Boston and Lowell and Nashua roads to unite.

Mr. Choate.—I am coming to that. I have got the bill here.

I say that when this application was made to the legislature of New Hampshire, that was the state of public feeling, and that was the condition of things. Nobody can be surprised that when the Great Northern Railroad charter was presented to the New Hampshire legislature in disguise, they were inclined to kick it out.

Now, I state here with the utmost confidence, that this proposition to form the Great Northern Railroad Company was never presented to either of the New Hampshire corporations in that corporation. Neither the Northern Railroad nor the Concord Railroad were ever asked to join it. They were never asked to form that corporation. They were never asked to unite in procuring an Act in the State of New Hampshire to form a consolidated through line. I do not think that it was ever intended that they should be asked. I have the Act which was presented in New Hampshire, certified by the clerk. It is this:—

AN ACT relating to the Nashua and Lowell and the Wilton Railroad Corporations.

The Nashua and Lowell Railroad Company and the Wilton Railroad Company, or either of them, are authorized to unite with the Boston and Lowell Railroad Company, under the provisions of an Act passed by the legislature of Massachusetts, and approved June 23, 1869, entitled “An Act to incorporate the Great Northern Railroad Company.”

Now, what is the effect of that Act. If they granted that Act does it not give the corporation formed there, i. e., the corporation composed of the Boston and Lowell, the Nashua and Lowell and the Wilton Branch Railroad, all the powers of the Great Northern Railroad Company? At any rate, that is what the New Hampshire legislature were afraid of. I think the fear is very natural. It is what the other railroads were afraid of. It seemed a little singular that, after the Act was passed in the State of Massachusetts authorizing the four corporations composing this through line to unite and form the corporation, a bill should be presented in New Hampshire

(and the authority of New Hampshire was essential, in order to give it any vitality), limiting this power to two companies which were then substantially combined by a contract, and to a branch which was then under their control. That was the feeling in New Hampshire. I have no doubt it was the feeling of the railroads in New Hampshire. I have no doubt they did all they could to defeat consolidation, not as consolidation, but to defeat this particular consolidation which was then asked for. I think they were right in doing it. I think that the "demagogues of New Hampshire" have done a wise thing, which the patriots of Massachusetts might imitate by defeating the whole thing. It deserves serious consideration; whether anything further should be allowed to be done under this charter.

Col. George.—I understand you to say that the Northern Railroad, which you represent, did endeavor to defeat this bill and have that action taken?

Mr. Choate.—I don't know what action they took in the matter.

Judge Hoar.—I understood you to say that, just now. I suppose you speak authoritatively for the Northern Railroad, and I wish you to say whether the Northern Railroad was opposed to this consolidation?

Mr. Choate.—I am unable to answer that question. The Northern Railroad was not consulted on that matter by the Lowell Railroad.

Judge Hoar.—What roads did you refer to? I understood you to say that opposition to it was universal, all over the State of New Hampshire.

Col. George.—Does not that include the Northern Railroad, which you represent?

Mr. Choate.—I did not represent the Northern Railroad at that time. I think I can say that all New Hampshire was opposed to that project in the form in which it came up. To a certain extent they did kick it out of the legislature. Under the rules of the New Hampshire House, a bill cannot go to a committee until it is read a second time, and they refused it a second reading by a very decided vote.

Now, I say that the question of the direct consolidation of a through line has never been presented in New Hampshire.

I also want to call the attention of the Committee to another matter which came up at this very session of the legislature which did ignominiously kick out that bill. This question of through-line contracts came before that very legislature. Somebody thought that in this method of making through contracts and consolidating a line by contracts, there was something wrong, and they introduced an order relating to the management of the line and of contracts made with the line, and other matters which are to a certain extent irrelevant, but directing the committee to inquire; "Whether said Stark, as manager for and in behalf of the Nashua and Lowell Railroad has not guaranteed said Vermont Central against loss by reason of the making of said lease with said Ogdensburg and Lake Champlain road contrary to law, and to the great detriment of the public? and to report what legislation is necessary to protect the public and stockholders against such useless expenditure and unauthorized contracts."

Col. George.—Is that resolution introduced by the Concord Railroad?

Mr. Choate.—I have no knowledge. I don't know where it came from. I simply wanted to show what the feeling of New Hampshire was on this point. There was a resolution offered which struck at these through contracts. I don't know where it came from. Now, the report of the committee on that part of the question——

Judge Hoar.—This was a committee appointed to investigate the affairs of the Concord and Northern Railroads——

Mr. Choate.—I don't know what the committee was.

Judge Hoar.—I have the pamphlet in my hand. The report begins at the beginning of it. They also wanted to know what salary said Stark has had, and other little curious questions.

Mr. Choate.—That is not a matter which is material here. It is attempted to show that New Hampshire is hostile to a consolidated line. Now this report, which was unanimously adopted, shows what New Hampshire thought of a consolidated line, by contract, whether they are disposed or not to interfere with it.

The report is: "That the Vermont Central has taken a lease of the Ogdensburg road, and that the roads on this line,

below White River Junction, have agreed to guarantee the payment of this lease to the extent of the Ogdensburg business on their line and no farther; that said contract was negotiated and executed with great care, under the legal advice and sanction of Judge Redfield and Judge Abbott of Boston, and Colonel George, counsel for the Lowell road; that there was no evidence that said contract was contrary to right or law or to the detriment of the public; but on the contrary, the evidence was that it was legally entered into, with unusual care and for proper purposes."

This report was accepted unanimously. It was the same legislature which kicked out this bill of the Great Northern Railroad, I am told, the very next day after it was done; and I think this shows conclusively that the legislature of New Hampshire has no hostility to proper consolidation and for proper purposes. While they objected to the consolidation asked for, they were perfectly willing to pass a resolution, which was unanimously adopted, stating that the contract of the Ogdensburg road with these lower roads, by which they substantially agreed as a body, forming this line to take the lease of the Ogdensburg road for common benefit, and to contribute from their earnings from the business which came from the Ogdensburg road, was a proper contract to be made, was beneficial to the roads and beneficial to the people.

Col. George.—The Northern road was in favor of that resolution, you say?

Mr. Choate.—I cannot say, sir.

Col. George.—I believe it was, sir. I wrote that report. I believe I was at that time counsel for the Northern road, or supposed that I was.

Mr. Choate.—At the same session of the legislature an Act was passed authorizing the Boston and Lowell road to lease the Wilton Branch for a period of ninety-nine years.

Col. George.—I think you are mistaken about that; it simply sanctioned the existing lease.

Mr. Choate.—Now what is the precise position you are asked to assume in regard to New Hampshire? I think the matter thus far merely shows there has been a railroad quarrel between the manager of the Lowell Railroad and the legislature of New Hampshire. And you are now asked to come

into that quarrel. You are asked, it seems to me, to punish New Hampshire, and to snub New Hampshire for what she has done. I don't know but it may be good judgment, but it seems to me it is about the same proposition as it would be to ask a merchant to kick his best customer out of the store, because he has a quarrel with a shop-boy. New Hampshire is the best customer of the city of Boston; if she has done wrong, it seems to me the better way would be to try to persuade her to do right. I cannot see that she has done wrong. The proposition as presented to the New Hampshire legislature and there rejected, was not a fair proposition to make. It was not a fair proposition to make to the other railroads connected with this Northern line. To present it in the form in which it was put, to carry the power of the Great Northern Railroad Company in disguise, under such an Act as this, to any corporation, I don't think was quite a fair thing to do. And under the circumstances I have stated I don't think it is any wonder that New Hampshire should have felt somewhat sensitive on the subject.

It is hardly necessary to refer to this Act which is now proposed, the amended Great Northern Railroad charter. It simply increases the power. It makes an Act, which if it is to do what is there probably intended to be done, would have a capital in debt and stock of at least \$100,000,000. Sixty millions was appropriated to buy up the Northern line. It has been testified here that it will take \$30,000,000 to have your Western line by way of the tunnel. And in addition to all that the proposition is to bring in the Cheshire, Rutland and Vermont Valley Railroads, which I think have a combined capital of nearly \$10,000,000 more.

Now it may be said that there is a means of exit for the Northern Railroad. It has been intimated that the Northern roads have another means of exit if they are deprived of the existing one, by the proposed combination. There is the Manchester and Lawrence, which may certainly be used; but the difficulties of that are twofold; it has very heavy grades. Out of Manchester they are something like eighty feet to a mile, and as a freight road it is not what is needed for a through line. In the second place, it can have no coadjutor in the Boston and Maine to the same extent that it would

have if the Boston and Maine road were identified with its interests, as has been the case with the Boston and Lowell. The Boston and Maine is substantially an eastern line. Whatever comes over it from the North is merely incidental. To have a through line we want a road situated as the Boston and Lowell has been, which shall be identified in interest with the Northern line.

What would be the position of these roads in case you granted this Act of *consolidation*? As I stated in my opening, it mainly makes every railroad which has a direction towards Boston, in a circuit of ninety degrees, tributary to this one corporation, which comes here and tells you it will have all the depot facilities on the north side of the city. It makes every outside corporation tributary to it. Now we feel in this matter precisely as Mr. Stearns of the Fitchburg says he should feel if he were representing an outside company. And I beg leave to suggest to the Committee that the Northern Railroad here stands in precisely the same position, as a railroad corporation, that the Vermont and Massachusetts does, and as the State of Massachusetts does, representing a railroad property. I cannot see that the interest of the State of Massachusetts in this Troy and Greenfield Railroad and this tunnel is not similar to the interest of the Northern Railroad. So far as that is concerned, you are a railroad corporation, and it would be simple suicide in the State to put together the only two corporations with which it can make a connection, and then come to make a contract. You must use either the facilities of the Fitchburg or the Lowell; and the idea that, before you undertake to trade with them and make a contract with them, you will put them together and make a monopoly of them, is, it seems to me, ridiculous. I suppose that the necessary effect of this arrangement upon the Northern line (I cannot see any other effect) would be to establish a new line. They tell you that if you put the Fitchburg premises and the Boston and Lowell Railroad premises together there will be a saving of so much money. I think there will be a saving of money in that way, but it will be a saving to such an extent, by the destruction of business interests, that it will compel, absolutely compel, the building of another road. I do not see that there is any escape from

it. You place the railroads of New Hampshire, representing some 500 or 600 miles of road—roads with a capital of \$50,000,000—without a terminus, if you carry the Lowell road over and make it the terminus, substantially, of the tunnel line. They cannot depend upon the station accommodations to be given them by a rival line. The only results will be that you compel them to build a new road and get such depot accommodations in the city of Boston as they can. You place them in very much the same position in which the Boston and Maine was placed when its terminus of forty miles went into the hands of a rival corporation, and the result will be the same. The Boston and Maine Railroad was compelled to build a new road to get to Portland. I think the result in regard to the Northern roads would be the same. You would compel them to expend more money in getting additional depot facilities and in building a new line from the present terminus of the Concord road with Boston.

Mr. Derby.—What are the gradients of the Manchester and Lawrence Railroad from Manchester to Lawrence and Boston, coming down from the West?

Mr. Choate.—They are very heavy. They are over eighty feet as you come out of Manchester towards Boston.

Col. George.—The profile grade out of Manchester is sixty-eight feet and the actual grade is about seventy.

Mr. Choate.—Is that going east or west? My inquiry is from Manchester to Boston.

Col. George.—That is from Manchester towards Boston. As you come out of Manchester towards Boston the profile grade is sixty-eight feet, and the actual grade is about seventy. As you go the other way they are a little higher.

Mr. Choate.—The best information I can give is to read from the argument of Col. George before the committee in 1869, in which he says that while a single engine over the Boston and Lowell Railroad will take from fifty to one hundred cars, a single engine can haul only sixteen on the grades of the Manchester and Lawrence Railroad.

Col. George.—That is undoubtedly so. I am glad to hear you read from my arguments. They are very carefully prepared and very accurate, and I do not go back on them. I

think I can tell when I represent a man, whether he is one way of thinking or another.

Mr. Choate.—The practical result, as we look upon it, of putting those two roads together, the Fitchburg and the Lowell roads,—for you will observe that the form of the bill presented simply grants them the power to unite. It does not require the formation of any through line whatever; it is simply a grant of power to unite; and its effect upon the outside roads is just to place them between an upper and nether millstone—between the blades of a pair of shears—giving the power to a great monopoly controlling all the terminal facilities,—I will not say to crush, because I think they have too much vitality to be crushed; but take a road situated in that way, it gives an enormous power to get control of and buy them up cheaply. For instance, take the whole Northern line. If the same corporation owns the terminus of the Fitchburg road, the key to the tunnel road, and the Lowell road, the key to the Northern road, they can turn all the business first by one way until they break down the roads on one line and buy them up, and then turn all the business over that line and break down the other line and buy them up. I don't wonder that the Lowell Railroad managers, for a prospect like that, are willing to go into an arrangement by which they give up the Northern line. Their business is, not to provide accommodation, but to make money; and I think it does furnish a good opportunity to make money. I think it is a valuable charter to grant. I think the prospect is that any one corporation which is placed in control of those two terminal routes, from Boston to Nashua, and Boston to Fitchburg,—and all the terminal facilities as they claim,—and certainly all the most valuable terminal facilities on that side of the city,—will have enormous power over outside roads. That is one reason why we object. That is one reason why we think the State has an interest to object to it; for the State of Massachusetts, as I have said, is in the same situation as an outside road,—as the Northern Railroad.

Judge Hoar.—Would it interrupt you to ask whether you will state to the Committee whether your Northern does or does not own a road situated in precisely the same way;

whether you do not own the Claremont road, and have the control of the road from Windsor down to Bellows Falls?

Mr. Choate.—The Claremont road is one which is of comparatively little importance; it is a local road running across the State. It is shown there directly south of the Northern.

Judge Hoar.—It would be another road for all the travel from Wells River to Boston if you didn't own it?

Mr. Choate.—No.

Col. George.—Does not the Northern Railroad own the Claremont road, which has no connection with the Northern road?

Mr. Choate.—They own substantially the whole line, but it is two corporations.

Col. George pointed out on the map the line of the Northern road, and the road from Windsor to Bellows Falls, and said:

The Northern road was that line that does not come within fourteen miles of it at any point. I want the Committee to understand how it differs.

Mr. Choate.—It is a difference in degree. To take the Lowell Railroad from the Northern line is about the same thing as it would be to take the tunnel from the tunnel line and put it into the hands of a rival corporation.

Col. George.—Will you be kind enough to explain the reason of the Northern buying the Sullivan road, outside of its line, and fourteen miles distant from any part of it?

Mr. Choate.—Not so much to accommodate the public as to make money.

Col. George.—That is the ground on which you appear here?

Mr. Choate.—That is the reason of the Fitchburg and Lowell roads trying to consolidate. I appear to represent a corporation, and I think the interests of the corporation are in certain respects identical with the interests of the public, and the people of Massachusetts. If we have had some experience in buying up competing roads, it cannot do any harm to tell what that experience has been.

Col. George.—Whether last year the Northern road did

not buy up the Concord road, and to-day in connection with the Montreal road, own a controlling interest in it?

Mr. Choate.—There was stock in the Concord road which had passed into the hands of what my friend here calls speculators. They had a controlling interest, and the Lowell tried to buy it, but they did not succeed. On the contrary, if they were speculators they had the interest, or what they thought was the true interest of New Hampshire at heart. They preferred that the control of the Concord road should be where it belonged—in New Hampshire; that it should not be used as a stopper to a bottle, to bottle up the business of New Hampshire. The stock has now passed out of the hands of the “speculators,” and I suppose to-day is under the control of the Concord and Montreal road and the Northern road. Whether that gives them the control of the Concord road, I am not able to say. It is a comparatively small portion of the stock in that road.

Col. George pointed out on the map the position of the Concord, Northern and Montreal roads, and said:

Last season the Northern and Montreal roads in combination purchased a controlling interest in the road from Concord to Nashua, for the purpose, as I understand, of protecting New Hampshire interests. If there is any conflict between the interests of Massachusetts and New Hampshire, I would like to know it. I suppose Mr. Choate will not deny the fact. I suppose the fact is palpable that the Northern bought the Sullivan for the purpose of controlling both lines, and throwing the business over the Northern road.

Mr. Choate.—The Sullivan road is controlled by the Northern road, but it is leased to the Vermont Central for the same time as the line contract lasts. This through line contract provides that the Vermont Central shall have absolute control of the Sullivan road, and it has it.

Col. George.—That contract provides that the whole business shall be thrown down over the Northern, and not over the Sullivan?

Mr. Choate.—I have already taken more time than I intended. I am reminded that the contract which Col. George says provides that the business shall all go over the Northern,

provides it shall be divided in the same way between the two lines in which it had been done in previous years, before the contract was made. One word in regard to the use of depots. The question, perhaps, might arise, why the Northern line could not use the depots of the Lowell road if this consolidation takes place. It is unnecessary to add anything further to what has been said here by Mr. Stearns of the Fitchburg road. You might, perhaps, frame a law by which you should give the different lines an absolute ownership—joint ownership—in the stations, but I think it would lead to an infinitude of troubles. I believe there is no way, with anything short of joint ownership, that a railroad corporation can, safely for its own interest, transact its business in the station accommodations of a road which is distinctly a competing railroad. If the Lowell Railroad and the Fitchburg are combined, you will make one of two things: either the Fitchburg becomes a part of the Northern, or the Lowell becomes a part of the Fitchburg and tunnel line, and it seems to us the probability is that the Lowell will become a part of the tunnel line, and we shall have to make our accommodations with the Lowell station with a competing road,—with a road that has distinct and many interests,—and that the inevitable result must be to break up the line. It cannot be otherwise. I don't think the interests of New Hampshire and Boston are diverse in this thing. I believe the interests of Boston require them to keep up as many distinct, absolute, competing lines as you can have. You can have four: the Northern, the tunnel, the Boston and Albany and the Boston, Hartford and Erie, and we submit that it is not wise to take any steps which have a tendency to break down an existing line, which, by all the testimony in the case has been in the past and is likely to be in the future an efficient line.

TESTIMONY OF EX-GOVERNOR ONSLOW STEARNS.

Mr. Choate.—Please state to the Committee how far and to what extent you have been connected with this Northern line of railroads.

Mr. Stearns.—I have been more or less connected with the roads in that direction since 1838. First, with a road which now forms a portion of the Boston and Maine, then with the

Nashua and Lowell, afterwards building the Northern Railroad, as agent for the corporation, since which I have been president of this road. I also had charge of the Vermont Central for four years and was somewhat connected with the Ogdensburg and Passumpsic roads.

Mr. Choate.—You are pretty thoroughly acquainted with the whole road, are you not?

Mr. Stearns.—Yes, sir; I have been thirty years connected with the route.

Mr. Choate.—Are you informed of the existing contracts of this road?

Mr. Stearns.—They are substantially line contracts.

Mr. Choate.—Will you state what your judgment is with regard to the efficiency of that Northern and Western line?

Mr. Stearns.—The existing leases are perhaps more complete than at any previous time. The contract of 1870 embraces all the roads on the line from Boston to Rouse's Point. The lease of the Ogdensburg road and the contract purchasing the steamboats on the lake, gives them the control of a line through to Chicago and Duluth.

Mr. Choate.—What is likely to be the future prospect? Is there anything that prevents its being as useful in the future as it has in the past?

Mr. Stearns.—It is a line under the control of two managers: General Stark at Boston and Governor Smyth in Vermont.

Mr. Choate.—How is the efficiency of the line affected, if at all, by the refusal of the Concord Railroad to join?

Mr. Stearns.—I don't know that that should have any effect except in the question of profit and loss. It does the business under the contract of 1870 the same as the other lines.

Mr. Choate.—I would like to have you state what your opinion would be, as a railroad man, of the effect of the combination of the Lowell and Fitchburg Railroads on the outside railroads?

Mr. Stearns.—All combinations are a little dangerous. I am in favor of consolidation to a certain extent, but where lines are not materially connected, as a public good, I should not be in favor of it.

Mr. Choate.—Is the line in any way affected by the pecuniary embarrassment of the Vermont Central?

Mr. Stearns.—I don't see how it can be. They do the business as before. They must desire to have the business as a matter of profit to them, and the through-line business is more important to the upper roads than to those below, because the lower roads have more local business.

The Chairman.—Is there any conflict of interest under this contract with the Concord road?

Mr. Stearns.—I am not aware of any. They carry the freight, whatever is offered. The agent of the line makes a contract and it is carried through and they take their proportion of the profits.

Col. George.—You are president of the Old Colony road?

Mr. Stearns.—Yes, sir.

Col. George.—Whether or not the Old Colony road has made pretty large combinations of various roads in order to protect the interests of your stockholders?

Mr. Stearns.—We have had quite a number of combinations for a continuous line or branches running into Boston?

Col. George.—What was the original length of the Old Colony road from Boston to Plymouth?

Mr. Stearns.—I think about 38 miles.

Col. George.—Your first combination was of the Old Colony with the Fall River road?

Mr. Stearns.—I think that was the first.

Col. George.—What addition was made to the Old Colony road by means of that consolidation?

Mr. Stearns.—I extended it to Fall River, about fifty miles.

Col. George.—Then you went up from thirty-eight to eighty-eight miles?

Mr. Stearns.—Yes, sir.

Col. George.—What was next?

Mr. Stearns.—I think the road was extended to Newport, nineteen or twenty miles.

Col. George.—You have since added the entire length of the Cape Cod road?

Mr. Stearns.—Yes, sir.

Col. George.—And also the South Shore?

Mr. Stearns.—No, sir.

Col. George.—Is it leased by the Old Colony road?

Mr. Stearns.—No, sir; it is run in connection. The Old Colony own a majority of the stock of that road. So far as the running of it is concerned it is run in our interests. It was not a competing road in any respect. It was constructed mainly by the Old Colony line.

Col. George.—What is the entire length of the road?

Mr. Stearns.—I think the road is about two hundred and sixty miles long.

Col. George.—Then you have increased from thirty-eight miles to two hundred and fifty or two hundred and sixty miles,—in that vicinity. Does not the Old Colony embrace all the roads in south-eastern Massachusetts?

Mr. Stearns.—No, sir.

Col. George.—What road is there in south-eastern Massachusetts beside these?

Mr. Stearns.—The New Bedford, the Hanover Branch, and the Duxbury and Cohasset.

Col. George.—Does it not embrace all those easterly of your westerly line?

Mr. Stearns.—No, sir.

Col. George.—Don't you own all the roads easterly of your most westerly branch?

Mr. Stearns.—We own all the roads on the Cape,—everything lying east of the line of road starting from Boston by way of Taunton and Fall River, and Newport, with the exception of the New Bedford and Taunton and the Middleborough roads. They form a line of road from Boston to Newport, and from Boston to Provincetown, with sundry branches connected with the road.

Col. George.—Well, is it for the public interest as well as for the private interests of your stockholders to run these roads under that management?

Mr. Stearns.—In asking for the charters we didn't state what interests might be served.

Col. George.—I want to know whether the results, in your opinion, show that the operation of that system of railroads is not only for the interests of the stockholders but for the interests of the public?

Mr. Stearns.—I regard it for the interest of the stockholders.

Col. George.—Do you regard it for the interest of the public?

Mr. Stearns.—I see no harm in that case.

Col. George.—Don't you think it is clear that that system of roads should be operated under one management?

Mr. Stearns.—I think so, sir,—under my management. [Laughter.]

Col. George.—Now, sir, does not the Old Colony road own two parallel lines of road, and, if so, to what extent in mileage are they parallel?

Mr. Stearns.—I am not aware that we have two parallel competing roads. There is the old route which was the Fall River road, extending to South Braintree by way of Middleborough and Fall River. The Old Colony road has subsequently constructed a road from Somerset through Taunton to South Braintree, to serve that portion of the public. It was never a competing road, because it was constructed by the Old Colony road.

Col. George.—Are there not two parallel roads from Fall River to Taunton?

Mr. Stearns.—You mean from Somerset.

Col. George.—How many miles?

Mr. Stearns.—Thirty-three or thirty-four miles.

Col. George.—Then the Old Colony does run for thirty miles on parallel roads only ten miles apart. You have no doubt that the public as well as private interests of the stockholders are subserved, in your judgment.

Mr. Stearns.—No, sir.

Col. George.—Allow me to ask you about this New Hampshire management. You own the road from Concord to White River Junction, the Claremont road, the Sullivan and the road from Windsor to Bellows Falls, don't you?

Mr. Stearns.—That is a little more than I am worth, to-day.

Col. George.—I speak of the Northern Railroad.

Mr. Stearns.—The Sullivan road was not purchased for quite the purpose which you asked the question. That came

in differently. We took it in payment for the funds we have put out on it.

Col. George.—How many years have you owned it?

Mr. Stearns.—We have leased it eight or ten years.

Col. George.—You have never sold it?

Mr. Stearns.—No, sir.

Col. George.—Do you also own the road to Bristol?

Mr. Stearns.—Yes, sir.

Col. George.—Whether in your judgment as a railroad man, the ownership, control and operation of these four roads (I leave out the Sullivan) is for the interests of the stockholders of the Northern road, and also for the interests of the public and people?

Mr. Stearns.—I don't think that the public are any better served. I think the public would be quite as well served if they were run privately. I think it is better for the interests I represent to control them under one management. I endeavor to manage them so as not to have them conflict. My purpose is to serve New Hampshire as well as we can under the circumstances, in regard to railroad facilities. I think if they were owned by several companies there would be some competition.

Col. George.—Well, do you believe that competition between parallel lines is, in the long run, for public interests; or whether you believe that the public should be served to the greatest extent they can be by the least possible expense?

Mr. Stearns.—My general idea is that it is better not to have competition.

Col. George.—Well, whether looking to the public good, competition always results in more or less unnecessary expenditure?

Mr. Stearns.—Wherever there is a larger amount of capital invested than is necessary to furnish facilities for business, there is an unnecessary expense of capital.

Col. George.—Well, is not the public interest subserved by getting for a dollar the largest possible amount of convenience and facility?

Mr. Stearns.—There is no doubt about that.

Col. George.—I want to ask you whether or not the Northern road and the Boston, Concord and Montreal road have

not a controlling interest in the Concord road which runs from Nashua to Concord?

Mr. Stearns.—They have about 4,000 shares of the stock. I cannot say whether we control it or not.

Col. George.—You bought it for the purpose of controlling it?

Mr. Stearns.—Of course.

Col. George.—Something has been said with regard to the Manchester and Lawrence and the Concord roads. The Manchester and Lawrence, from Manchester to Boston, has been the occasion of a great deal of difficulty, has it not, sir, to all the roads; I mean as to what to do with it?

Mr. Stearns.—Not so much for the roads above Concord, where I reside, as for the roads below there.

Col. George.—When the Manchester and Lawrence was constructed there was a competition between it and the Concord road? After that a contract was made between the Manchester and Lawrence, the Lowell and Nashua and the Boston and Maine?

Mr. Stearns.—Yes, sir, that hurt us some.

Col. George.—That lasted some time, and then the Manchester and Lawrence was leased to the Concord, was it not?

Mr. Stearns.—I think so. I have never had anything to do with the management.

Col. George.—Finally, the Manchester and Lawrence and Concord were run together on an equality of dividends, were they not?

Mr. Stearns.—That I understand to be the case.

Col. George.—Subsequently, the Boston and Lowell and Concord roads, and the Manchester and Lawrence road, running on an equality of dividends, agreed to consolidate all their business and put it over the level line, taking it off from the Manchester, so far as through business was concerned?

Mr. Stearns.—I understand there was a contract by which they made that agreement.

Col. George.—The Concord road commences at Concord and runs to Nashua, twenty-nine miles from Boston, and the Manchester and Lawrence runs from Manchester to Lawrence, which is twenty-six miles from Boston. The Concord and Lawrence being run together in one interest it was for the

private interest of the Concord road to run their travel down by the Manchester and Lawrence, over heavy grades, because by that means they were brought within twenty-six miles of Boston over their own road, rather than to run their business down over the other road to Nashua, twenty-nine miles from Boston?

Mr. Steaans.—I suppose so.

Col. George.—Was it not agreed that all the business should be brought over the level line, provided the Nashua and Lowell road should carry it at the same price?

Mr. Stearns.—I so understood it.

Col. George.—The Concord would haul it over the level line, and the Boston and Lowell, in order to furnish an inducement, made the distance the same as twenty-six miles?

Mr. Stearns.—I presume so. I may state here that, individually, I did oppose the construction of the Manchester and Lawrence road, because I didn't deem it expedient to have another road. I was in favor of the Lowell line, and am still. I would also state another thing here, and that is that I did feel a little grieved when that contract was made, as Col. George has stated, without my knowing anything about it. I did feel a little grieved about that.

Col. George.—Do you mean to say that that contract did not save a large sum of money to somebody?

Mr. Stearns.—I don't think it did.

Col. George.—It was, in fact, forced over the Manchester and Lawrence road unnaturally. It was forced over heavy grades for the interest of the Concord road. Do you mean to say that, by this saving, rates were put up to the Northern line?

Mr. Stearns.—I do.

Mr. Choate.—The contract provides that they cannot combine to raise rates on the Northern line. That is one of the provisions?

Mr. Stearns.—I desire to say that, under our contract with them, we could send our passengers by the Boston and Maine road at twenty-four per cent. less than over the Boston and Lowell road, and our first-class freight at sixty-two cents per ton less. And that under that contract it was made for the interest of the Concord road to so arrange its business as to

force business over the Boston and Lowell road. That was part of the contract. I would here state that I objected to the contract if it had been carried. But there is no evidence that the contract was executed. The rates were put up upon us; that is, that part which went over the Boston and Maine, was forced to go over the Boston and Lowell road, and we were charged these higher rates.

Col. George.—I suppose that is a matter of fairness. How much do you pay from Nashua to Boston over the Boston and Lowell, and Nashua and Lowell roads for a Northern passenger—eighty-six cents I think?

Mr. Stearns.—I am not complaining of the rates charged by the Boston and Lowell; but I complain that the contract was made to shut us off from the privilege of the Boston and Maine road.

Col. George.—The Boston, Manchester and Lawrence road had got to be supported by some one, and was it not a question how it was to be supported?

Mr. Stearns.—We above didn't take that into account.

Col. George.—But we living below had to, didn't we?

Mr. Stearns.—I suppose you did.

Col. George.—About the Ogdensburg road,—whether the Ogdensburg has not demanded the abrogation of this contract, and is not anxious to break it up?

Mr. Stearns.—I am not aware that the Ogdensburg has demanded that it be broken up. I think it is not long ago that Judge Abbott and General Stark came into my office to know whether they should continue the contract. I told them I supposed we must continue our contract with them.

Col. George.—Were you not informed that Mr. Pratt of the Ogdensburg road had demanded the abrogation of the contract?

Mr. Stearns.—I don't think so.

Col. George.—How much money has been lost by the line by this Ogdensburg road?

Mr. Stearns.—Quite a considerable sum. Considerable over \$100,000 per year.

Col. George.—Now that lease,—the Concord road is the most level road on the line? Fifteen feet to the mile is the highest grade?

Mr. Stearns.—Yes, sir.

Col. George.—Now these other roads have divided their share of profits to pay the Concord's proportion in addition to their own proportion, don't they?

Mr. Stearns.—Yes, sir.

Col. George.—Do you think that is right?

Mr. Stearns.—Well, I might say here, that the whole sum received by the Concord road, on business from the West to Boston during the year 1871, was \$18,000. It was not a very large proportion for the others to bear if it was essential.

Col. George.—That does not in any way affect the question of fairness.

Mr. Stearns.—Well, there was no occasion perhaps to make the line efficient to have purchased or to have made a lease for the Ogdensburg road. It was running in a line with us and has been for twenty years.

Col. George.—Well, were they not threatening to make combinations somewhere else?

Mr. Stearns.—They say they were not.

Col. George.—Didn't you understand that they were trying to avoid this contract?

Mr. Stearns.—No, I did not,—not from the Ogdensburg. There was something said about it by the Vermont Central.

Col. George. Didn't you think so?

Mr. Stearns.—I had no reason to.

Col. George.—Didn't you think so?

Mr. Stearns.—I say, no.

Col. George.—How is it about the boats on the lakes?

Mr. Stearns.—There are twenty-one of them.

Col. George.—How much have they lost?

Mr. Stearns.—A very considerable amount. I cannot specify. General Stark holds back whatever money he thinks necessary to meet the losses. I can only say that I was opposed to the contract for the boats,—very much opposed to it,—and only went into it for the purpose of conciliating matters on the road. I might say here that the General has made some statement here in allusion to what appear to be matters between ourselves.

The Chairman.—Can't you spare us from any further ven-

tilation of these New Hampshire troubles, Col. George?
[Laughter.]

Col. George.—We have got out of them. It is with regard to the efficiency of this line that I am speaking.

Col. George.—Were you present during the four or five weeks which were occupied or during any portion of the time, during the making of the Ogdensburg contract and the boat contract?

Mr. Stearns.—I think I was present once during the making of the Ogdensburg contract, perhaps twice. With regard to the boat contract perhaps I was present on three occasions. I was not consulted in relation to these contracts. I was not asked at any time whether they were satisfactory. I heard them read over but they were in such form that one could hardly tell what they meant. Perhaps they had been draughted by Judge Abbott or by yourself, I don't know, I could not comprehend them.

Col. George.—Were not these contracts read to you and the difficulties, the evils and the tribulations with respect to these matters of consolidation a subject for consideration between Judge Abbott, General Stark, yourself and myself?

Mr. Stearns.—That is just one of the cases in which we differ. I never saw the contracts, and if they were read I never was asked whether they were satisfactory until after General Stark says he took some steps for getting the money to pay for them. I was not consulted.

Col. George.—How came you there?

Mr. Stearns.—I was asked to be there on three occasions. The contracts were not read over and no one ever asked me whether I assented. They were never presented to me for my signature.

Col. George.—What in God's name were you there three evenings for if you didn't understand what was going on?

Mr. Stearns.—I was invited there. I only know I was not asked with reference to these contracts whether I would give my assent. They were read in part in an unfinished state. I think Col. George or Judge Abbott read a letter in which they threatened to break up the lease unless they should do whatever was needed to make the line stronger, unless they would strengthen this contract. After that I was not pres-

ent. I didn't know how the contract was finished until it was sent to me to sign.

Col. George.—Was not the lease of the Ogdensburg road a matter of consultation between you and us?

Mr. Stearns.—No, sir.

Col. George.—You didn't see it?

Mr. Stearns.—No, sir; I don't recollect of seeing it. I don't think I was consulted.

Col. George.—Then do you mean to be understood by the Committee to say that the present condition of the through business is satisfactory to you and your interest?

Mr. Stearns.—I meant to say that it is as well as it has been at any previous time. The business goes on.

Col. George.—That is not the question. The question is whether or not, to-day, as far as present or future prospects are concerned, are those prospects satisfactory to you and to your Northern road?

Mr. Stearns.—They are as satisfactory as they have been at any time.

Col. George.—I repeat the question just put to you.

Mr. Stearns.—It has never been satisfactory.

Col. George.—It is not now, is it, sir?

Mr. Stearns.—Of course not. There is for instance this matter: that the agents of the line make such rates as they please. There is the fixed rate for terminal accommodations and for car-service—both are profitable, while sometimes freight is taken so low that it gives nothing for hauling, and we are obliged to make up the profit of these depot charges and car-service. That is not satisfactory.

Col. George.—Well, laying aside the question of the depot facilities and use of cars, is the efficiency of the Vermont Central line to-day, or are its future prospects of efficiency satisfactory to you or to your corporation?

Mr. Stearns.—I don't think it is satisfactory, but it is the best we can get. I would like something better.

Col. George.—Is there not a proposition to sell these boats because the line cannot afford to keep them?

Mr. Stearns.—I should be glad to sell them, and not have a boat on the line.

Col. George.—Then the moment you sell the boats the line is broken up?

Mr. Stearns.—Not at all; the same line would exist that has before existed.

Col. George.—Was it not talked of to sell the boats and swing them around Montreal? Was not that to be done by Mr. Chamberlain?

Mr. Stearns.—I don't think it was anything but a ruse to frighten us.

Col. George.—Well, he didn't fool you, but he fooled General Stark.

Mr. Stearns.—We should then be just as we have been for the last twenty years.

Col. George.—You had a line dependent on eight different arrangements?

Mr. Stearns.—The contract of 1870 exists for twenty years from that date, and forms a line to Rouse's Point.

Col. George.—Is not that dependent upon these other contracts?

Mr. Stearns.—No, sir; I think not.

Col. George.—Have you any contract with the Lowell road, or is your business done without any contract for your Northern business, the business of your road?

Mr. Stearns.—No, sir.

Col. George.—How long since there has been any?

Mr. Stearns.—I don't recollect.

Col. George.—How long since you have had any settlement with the Lowell road?

Mr. Stearns.—It is some time; I cannot tell how long.

Col. George.—Is it not about seven years?

Mr. Stearns.—I should think it was pretty near that length of time. We cannot get any terms to get into Boston. Of course we have no power; they charge us what they please. They sell tickets to go over all our branches. The rates upon our freight to Boston are collected by them and they take what they think is right.

Col. George.—You pay us eighty-six cents per passenger. How much do you charge that passenger?

Mr. Stearns.—I think about $3\frac{1}{2}$ cents per mile.

Col. George.—How much profit do you make? Two cents per mile, don't you?

Mr. Stearns.—We pick up the passengers in small numbers and furnish cars and take all the risk. I think on the Old Colony we take passengers from New Bedford at $1\frac{8}{10}$ cents per mile. We think that is a very fair price.

Col. George.—Don't the Northern road earn more money off its road than it does on it?

Mr. Stearns.—I think not.

The Chairman.—Is there a contract?

Col. George.—No, sir; we haven't any. We take at $2\frac{1}{4}$ cents per mile, and they charge $3\frac{1}{2}$ cents per mile, and they are not satisfied with the $2\frac{1}{4}$, and won't settle. I believe that is a fair statement.

Mr. Stearns.—He has never offered to settle it. I must allude to this matter once more. When this contract, of which I have spoken, was made, they then put the rates up upon us one-quarter of a cent, to which I object. I don't know whether Mr. Stark would take the sum we paid before, or not, because he is getting very much more.

Referring to the attempts at consolidation in New Hampshire, Col. George asked:

Did you oppose that?

Mr. Stearns.—I did not.

Col. George.—Did your road oppose it in any way?

Mr. Stearns.—No, sir; we didn't oppose the Act for the Nashua and Lowell consolidation, that I am aware of.

Col. George.—Something has been said, sir, about your buying a controlling interest in the Concord road. I would like to have the Committee see how the Concord road is situated. Now, then I ask you what is the effect of this line?

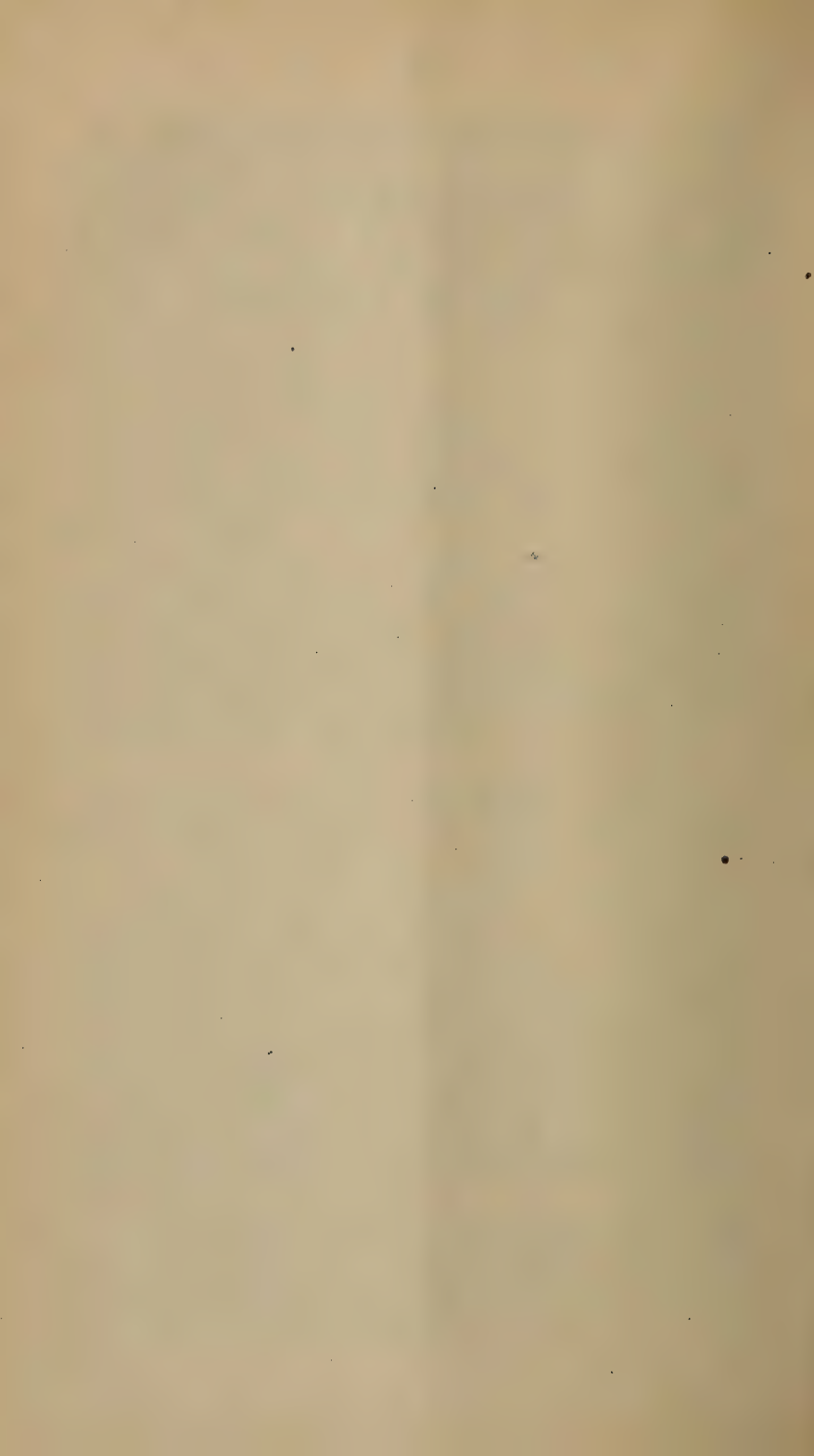
Mr. Stearns.—Cheap freight and the extension of business.

Mr. Derby.—What is the amount of freight generally between Boston and the lakes, by way of this road?

Mr. Stearns.—I don't know, sir.

Mr. Derby.—It is about 200,000 tons, I believe. One other question, with regard to the Old Colony country. Whether, since the consolidation of that line of road you have not for the last few years been able to reduce the rates of freight and fares?

Mr. Stearns.—We have done it, to some extent.



REPORT

OF THE

FOURTEENTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

FEBRUARY 27, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

FOURTEENTH HEARING.

The fourteenth hearing was devoted to the Boston Commercial Exchange, and to Mr. Edward Crane, on the bill for the Atlantic and Ontario Railway Trust Company.

BOSTON COMMERCIAL EXCHANGE.

Mr. Q. A. Vinal, representing the Boston Commercial Exchange, made the following statement:—

Mr. Chairman and Gentlemen:—I appear on the part of the Boston Commercial Exchange, to represent their views on this matter of the consolidation of Hoosac Tunnel line of railroads; but, before doing so, I would like to state the peculiar position in which I appear before you. Early in the session of the present legislature, a petition was circulated among the flour and grain people and the provision dealers, members of the Boston Commercial Exchange, in the interest of the Lowell road. It was quite numerously signed on the floor of the Exchange, but no action was taken by the Exchange as a body in regard to it. I hold that petition in my hand. It reads as follows:—

“The undersigned dealers in flour, grain and provisions, members of the Boston Commercial Exchange, respectfully petition in aid of the Boston and Lowell Railroad Corporation, for an amendment to the charter of the Great Northern Railroad, and for consolidation with the Fitchburg and the tunnel line. By granting this petition we feel confident that the commercial facilities of Boston will be greatly increased; and that the business interests of the Commonwealth will derive advantages not attainable through any other means.”

Then follow the signatures of fifty-six business men connected with the Exchange. Now, since this petition was

signed, there was some correspondence between the members of the Exchange and General Stark,—sixty-three members uniting in addressing a communication to him with regard to furnishing them an elevator. I may here say that I have not seen this correspondence, not having been an attendant upon the meetings of the Exchange for the past two or three months. General Stark's reply to that request to build an elevator to accommodate the members of the Exchange, was of such a nature as to entirely destroy their hopes of any relief in that direction. They therefore have, within a few days, held three meetings, regularly called, and after a somewhat lengthy discussion, they have passed the following resolution, contained in the note which I have received :—

BOSTON COMMERCIAL EXCHANGE, February 25, 1873.

MR. QUINCY A. VINAL.

DEAR SIR:—At a meeting of the Boston Commercial Exchange held this day, it was "*Resolved*, That the sentiment of this Exchange is in favor of the consolidation of the Fitchburg, Vermont and Massachusetts, and Troy and Greenfield Railroads, with a view to the State taking the consolidated line and pushing it to Lake Ontario, and owning and managing the entire line."

It was also resolved,—

"That a copy of this resolution be handed to Mr. Q. A. Vinal, to present before the Railroad Committee."

Very respectfully,

GEO. S. JACKSON, *Secretary*.

Now, Mr. Chairman, I hold in my hand a copy of the last annual report of the Exchange, showing that it has a membership of 306. Fifty-six have their names on this petition. I merely state this in order to show that that petition represents only a small portion of the members of the Exchange. With this statement I leave the whole matter. The Commercial Exchange, as most men in Boston know, is formed purely for commercial purposes, and is designed to be, as its name denotes, a commercial exchange. Its membership is made up of the grain and flour men in all the eastern part of Massachusetts, including gentlemen as far away as Webster, Lowell, Lawrence, Salem and other places equally distant from the city, and the transactions in grain and flour that

takes places in it are not at all confined to articles that come to this market. There are dealers on that floor who control business to the amount of hundreds of thousand,—I might perhaps say half millions,—of bushels of grain that never sees this market. With this statement I will give a statement of a few of the statistics of the business represented there. Among our receipts for the last year were the following items :—

Provisions, barrels,	135,262
Lard, cases,	16,978
Hogs,	63,845
Flour, bushels,	1,408,325
Corn, bushels,	4,179,911
Oats, bushels,	2,431,272
Shorts and other grain, bushels,	2,194,526
Corn meal, barrels,	63,887

Exports.

Beef and pork, barrels,	32,718
Bacon, lard and tallow, pounds,	34,188,320
Flour, barrels,	221,443
Corn, bushels,	1,056,249
Wheat,	267,023

That is from the report which will be issued next month, showing an increase in almost every item and in some nearly double of any previous receipts. From these figures I think I may safely say that the exports will be trebled in a short time.

These figures may seem small when compared with the receipts of New York for 1872, which are as follows :—

Flour and meal, barrels,	3,198,390
Corn, bushels,	40,800,939
Wheat, bushels,	16,238,438
Oats, bushels,	12,364,205
Other kinds, bushels,	6,095,390
Total provisions of all kinds, bushels,	75,498,972

Reducing flour to grain, five bushels to the barrel, and the total amount was about 90,000,000 bushels.

Now Mr. Chairman, that is the stream which we have got to tap, to get business for this tunnel line. The question is, where shall we tap it? My answer will be, we must tap it on the line at Buffalo and east of Buffalo, because all grain that is moving on from interior points is landed at Buffalo or at points this side. As matters are now, Buffalo is destined to be the centre of all the grain trade of the lakes. Their receipts last year were 90,000,000 bushels, and they are now building steamers of a capacity of 80,000 bushels of wheat, and with these steamers they are enabled, through the facilities offered by the elevators, to bring grain to Buffalo at much cheaper rates than it can be landed at any other water-port on the lakes, and they avoid the Welland Canal. In comparison with the size of these steamers those of the Ogdensburg line are very small. Their average cargo is about 10,000 bushels. That is not the entire capacity of the boats, because they like to take some rolling freight and some deck freight so as to trim the vessels. But the average cargo of wheat or grain by the Ogdensburg line down through the Welland Canal is 10,000 bushels.

Now, you will at once see that a vessel carrying 80,000 bushels in one cargo, can afford to carry that grain at a very much less rate than a small vessel of only ten or twelve thousand bushels. Therefore, I take the ground that we must always, in a great measure be dependant on the stream of grain that flows through and by Buffalo through the Erie Canal and over the New York Central road. We may of course carry this Ontario road to the lakes, but I should like to say that the trade of Oswego is to-day, in grain, less than it was ten years ago by several millions of bushels. I have not the figures for the very last year, and as there has been a perfect flood of grain moving in every direction, I should not be surprised if their trade ran up as high as ten years ago, when it was about 18,000,000 bushels.

Then there is another point that I have not heard mentioned, although I have not attended all the hearings regularly, and that is, the ability of the New York Central Railroad to control this business. Every one here knows that during the winter months the New York Central engines and cars are busy to the fullest extent; but the moment that navigation opens,

the grain is moved along the canals, therefore relieving for the New York Central an immense number of cars and locomotives, which during the winter months are kept actively engaged in their through railroad business. The result is, that, connecting at Buffalo with a freight of four or five cents per bushel as compared with nine or ten, which is about the lowest freight we have over the Ogdensburg, and with only ninety miles difference in rail travel over the level road of the New York Central we are enabled to get grain in Boston cheaper than it can be brought by the Ogdensburg and Lowell Railroads. That I think will be evident to every one. Now that New York Central line, owning as they do, their cars and engines, are as anxious as any one for business; and Mr. Vanderbilt, who has sometimes been called an autocrat among railroad people, I think is one of those people who likes to have every dollar's worth of business he can force into his hands. He does not care for a shiny engine nor brass ornaments,—I believe he has taken them all off his freight engines,—but he seeks business in connection with the Boston and Albany road. Now, however much may have been said against the Boston and Albany road, doing the business they have done for the last five years, and being as it were the only road, I say it has used Boston well. I shall not say the Boston and Albany has not used Boston well. There are others of the Exchange that feel rather bitterly against the Albany road, and they have cast about to seek some new road; now they come before you and favor this tunnel route, and I for one hope that we shall see the tunnel route entirely distinct from the Lowell road or any New Hampshire road whatever.

In regard to handling the grain of this city, for which, it has been stated by gentlemen who appear here in the interest of the Fitchburg road, that we want elevators, and must have a tremendous expenditure of money to provide them. I claim, sir, that an elevator on the territory that is now owned by the Lowell road,—what is called Mystic flats—would not at present accommodate the trade of this State. What I desire is an elevator for local use, that we should have it either on the grounds of the Fitchburg or on the grounds of the Lowell. The Lowell claim that they have an elevator.

So they have, but it is not what we call a first-class elevator. It was made out of the corporation warehouses that they bought, and is not at all suited for storing or handling of grain. Therefore I say to-day, that the Lowell road is nearly as deficient in means for handling grain as the Fitchburg. To show the facility for handling grain at Buffalo, I would state that the first elevator was built there in 1843, by Mr. Joseph Dent, with a capacity of 55,000 bushels. In 1871, the total capacity of their elevators was 7,415,000 bushels, and their transfer capacity, from vessels coming down the lake and delivering into the canal, was 2,883,000 per day.

In connection with this grain-trade I would like to state another fact. While doing business in New York I became quite familiar with the handling of grain there, and I think it will be very evident to every gentleman of the Committee that grain can be handled by the barge-system and by towing a great deal more conveniently than it can for every line of railroad to build a wharf three miles away from the business-centre, and take steamships up to this wharf where all the goods they bring to this market will be miles away from where they are needed, when we can have a local elevator on the edge of the water, and it will be perfectly feasible to spout 20,000 or 40,000 bushels through that local elevator into two or three barges, costing \$3,000 each, and towing them alongside an English steamer, where a floating elevator, costing \$25,000, can load the grain in at one hold while the cargo is being taken on to the wharf from the other. Any gentleman who has gone down to East River at about seven o'clock in the morning, must have noticed acres of these barges and thousands of these little lighters going up and down the river. That is their great highway. Without that highway for grain, coal, salt, and all bulk articles, the streets of New York would be utterly impassable. The same system carried out here would be a very great benefit, and more to us than to them, because our bridges are not an obstruction to that business, if it be done at the Fitchburg wharves below the bridge, on Mystic flats or at East Boston. Therefore I claim that whenever this grain-business becomes the great business of this city, as we hope it will be, that will be the means of handling this grain, and it will be found to be

the most economical and effectual. Such a thing as holding an English steamer in New York to receive a cargo is never heard of. The grain is spouted into barges that lie at the wharf, a sample is shown on change, and the purchaser tells where he wants it, and in one hour the grain lies alongside of his ship ready to go into the hold. The ship does not move, but the freight seeks the ship. So it will and can be here. This talk about monstrous elevators to store up grain, except as we require,—of course every large city requires a large stock of grain for consumption,—but the seaboard is not the place to store grain for shipment. Deterioration in quality, the difficulties of holding and the insurance is all against it. That is the feeling; leading grain-men on the seaboard, in Boston, Philadelphia, or any large seaboard city will confirm what I state. The place to hold grain is where it grows,—in the interior.

I claim, Mr. Chairman, that we must, if we expect this market to grow, tap this stream of grain and bring it through our tunnel and distribute it for the local trade of Boston or for the export-trade of Europe. The export-trade, I submit, is a very uncertain trade. It is not half so reliable as the home-market. I have a list here showing the exports of grain from 1847 to 1870, and during many of these years the exports to Great Britain and Continental Europe from all parts of the United States is less than 1,000,000 bushels. The whole export of corn to Europe has been 342,000 bushels against an export from New York the last year of 26,000,000. In 1870 the exports were less than 1,000,000 bushels of corn from New York, and therefore I say that what we want is that this barrier at Hoosac Tunnel shall be taken away. It is only waiting for the last blast of rocks to be made to obtain a rush of trade through the tunnel that will flow in all directions through the country this side the tunnel.

Ogdensburg is reciving to-day nearly 5,000,000 bushels of grain per year. Now how much of it comes to Boston? Last year we received 157,000 bushels of grain. Why? simply, Mr. Chairman, because the country between Ogdensburg and Boston is a consuming country. The Lowell road complain that they don't receive the business. It does not naturally belong to them. There is the city of Lawrence taking

between 800,000 and 1,000,000 bushels of grain per year. Lowell takes 600,000 bushels. It stops just the other side of the Lowell road, and the Lowell road to-day is the poorest link in that whole line for the business coming from the West. Going to the West the Lowell is the best link because trade is exactly reversed. A train starts with two thousand cases of shoes, and when they get west of Chicago, the people complain that they do not receive as many shoes as started from the Lowell road. Where are they? They are distributed. Just so it is with this stream of corn and grain that comes to us. It commences at the western border of Missouri; it gathers strength until it passes out of Ohio and then it moves in a mighty volume towards the seaboard. Out of 170,000,000 bushels of grain transported, only 163,000,000 have reached the seaboard, not including all the great movement on the railroads. So they have not only taken 7,000,000 bushels on the way, that has been shipped by water, but they have absorbed the whole bulk of the rail shipments to Boston.

Now in regard to the Fitchburg railroad facilities. They are now saying that we must draw from the Lowell road to strengthen these facilities, but I cannot see for my part, what gentlemen can base any such argument upon. That combination—I don't call it a consolication; I don't think it is—that combination is simply a plan to control the business interest of this State: that is my view of it. What are the facts? The facts are that the Lowell road to-day costs more per mile than any other road in the Commonwealth, always excepting the Hartford and Erie. I don't wish to be understood as instituting any comparison with the Hartford and Erie; they are no doubt above everything else in cost per mile, debt or anything else, but I do hope that it will some day emerge from its trouble and give us another good line to the South and West; and I think it may do so within a very few years. But the Lowell claim that we need their road to strengthen this tunnel line. Now, Mr. Chairman, my idea is that this is wholly absurd. The Lowell cost \$108,000 per mile for forty-three miles of track, and the Fitchburg \$47,000 per mile for ninety-three miles of track. The Fitchburg is out of debt and has a handsome surplus, while the Lowell

debt is equal to its capital stock unless they have made an increase since they made their annual report.

Col. George.—Will you be kind enough to state what the \$5,000,000 stock and debt of the Lowell road embraces?

Mr. Vinal.—I would like to state it if I were able, but with all the information I can get from the director's report I must confess I could not find it.

Col. George.—If you state that the cost of the Lowell road per mile is greater than the cost of any other in Massachusetts, that statement is either a slanderous assertion or it is true.

Mr. Vinal.—I take that, sir, from the commissioners' report, page 194, where the stock and debt with the cost per mile is given. This says the stock and debt of the Lowell road is \$108,000 per mile; next is the Hartford and Erie, \$161,000 per mile; then below it comes the Eastern, \$103,000. The Fitchburg,—to show that I make no unfair comparisons—is put down at \$42,863 per mile as the cost of stock and debt of their road, while the cost is only \$37,541 against \$75,572 for the Lowell road, which is just about double. I don't intend, Mr. Chairman, to mislead or make any wrong statements. Now I cannot see, for the life of me, where these Lowell people claim they are going to strengthen this road. The facts in that book show that the earnings of the Lowell road, when computed on their stock and debt, are but five and one-fifth per cent. on the capital stock and debt, while the Fitchburg are giving eight and one-tenth per cent.

Now, Mr. Chairman, a great deal has been said about the weakness of Vermont and Massachusetts road. Well, I know it is a terribly weak road, but it has been one of the best managed roads in the little State of Massachusetts. If it had not been it would not be in the position it is in now. Its earnings have been four and four-tenths per cent. against five and two-tenths per cent. by the Lowell, so I don't see that they have got a great deal to brag of over the Vermont and Massachusetts which they think is so weak. Now I claim that the Lowell road has business enough at the North, and for one I should be entirely opposed to having their "happy family" affairs forced into our history, and I hope we shall be allowed to manage our own tunnel line in our own way.

MR. WINTHROP E. FALKNER.

Mr. Chairman: I have been a member of this Exchange for several years and I have for a long time been interested in the Fitchburg Railroad. Commencing in 1825, when Mr. Baldwin made his survey, I have been interested in the line ever since, and my interest in the Fitchburg is larger than in any other road. My interest has been with them entirely and it is with them to-day. I have preached it, prayed it, and laid awake nights to get them to come in and assist in putting this tunnel through Hoosac Mountain. I have been over every foot of it, I know the grades, I know the miles and all about it. But I was never more astonished in my life than when I found that the Fitchburg, which had shown such an interest in the completion of the tunnel, had taken the action it have recently decided upon. I spent many nights during the first ten years,—I spent them freely and never received one dollar from any corporation or any person,—telling the citizens of Boston and the merchants that we were going to bring them freight cheaper than any other road, and I gave them my reasons. Now, Mr. Chairman, it appears to me that the whole of this consolidation means mere nothingness. You can read it on the face of it. I know the grades from Schenectady; I know it is a nearer line than any other. I know what freight can be brought down over it. You can take a thirty-ton engine and draw with it thirty cars with three hundred tons of freight to Boston, when no other road that is in operation or that can be put into operation can bring more than fifteen cars with the same motive-power. If you take the Northern or the Western lines, they have got to encounter these high grades. Now, Mr. Chairman, I conceive the idea of the roads why they wish to consolidate. In the first place we have got this avenue through; whether we ought to hold this avenue or not I am not prepared to say. But in case of a consolidation I believe that a consolidation of this line ought to go where the State intended it should go,—in the natural avenue that was made for it by the Creator,—it should come to Boston by way of the Fitchburg, Vermont and Massachusetts, Troy and Greenfield and Troy and Boston roads.

Consolidation means precisely this. If we consolidate with

the Lowell we have got to pay for freight at the cost of going over the high grades of their road. The Boston and Albany would like to have us consolidate with the Lowell on that account, for then we should have to pay the price of high grades. Consolidation with that road would affect that and nothing more. Still the Fitchburg think it is best for them to go in. I cannot see it. Another man tells me that if the State has anything to do with it, it will be impolitic. Mr. Chairman, everything is impolitic from a glass of sour cider up to Credit Mobilier and steamships on the lakes. I don't want to see this policy carried out. I want to see a policy carried into effect for the interests of the citizens of Massachusetts. I would rather lose all my stock, if I could keep out of the poorhouse, rather than see the city of Boston bottled up by the railroads. I hope you will take this matter into serious consideration and take into the account the interests of the State.

BRIDGES AND TOLLS.

Mr. Vinal called the attention of the Committee to the subject of bridges and tolls, and said: I find in referring to the report of the Burlington and Quincy Railroad that they had an income of \$179,744 last year, as tolls from a bridge over the Mississippi River. That is so stated in their report to the stockholders. Now there is one bridge that, so far as I have heard, has been entirely omitted in the arguments against tolls, and that is the Suspension Bridge. Before the erection of that bridge there was just as effectual a barrier between the West and the East in that section as the Hoosac Mountain has been between the eastern part of this State and the West. That bridge was built and is now owned by a corporation entirely independent of railroads. It is leased to the Great Western Railroad of Canada for \$50,000 in gold per year for ninety-nine years. They have for that \$50,000 the entire use of the railroad tracks and the entire use of the bridge below for teams and foot passenger, and the employés of their road. They receive everything on the American side of the river, and no locomotives go over the bridge but those of the Great Western. It is well-known, undoubtedly, to every one here, that three or four years ago there was a great struggle

between the New York Central and the Erie. The Erie desired to connect, over the Great Western of Canada, and the Michigan Central, with Chicago. Having made the connection with the Great Western road through Ohio and Indiana, they were obliged to cross the track of the Hudson River Railroad. They did cross the track and came down to a point near Niagara Falls, where they again crossed the track of the New York Central. But the New York Central tore up the tracks of a Sunday, and they were in litigation a long time. The New York Central had no control over the bridge, and could not keep the cars of the Erie away the moment they should come on the bridge, and the Great Western were ready, willing and anxious to take their trains over. As a result, the Erie road at once established a strong line of road in opposition to the New York Central, and it is running to-day; and some four or five miles this side of the city of Buffalo you pass under a railroad standing as it were upon stilts, which is the Erie; the New York Central not allowing them to cross at grade, and interposing every obstacle they could, has forced them to cross their road at a point considerably above grade.

How is it with regard to the tolls on the Erie Canal? In 1869 the tolls on wheat were $6\frac{21}{100}$ cents per bushel, and on corn $4\frac{83}{100}$ cents per bushel. To-day it is $3\frac{15}{100}$ cents on wheat and $2\frac{89}{100}$ cents on corn. Now, Mr. Chairman, it does seem to me that there are precedents for establishing a toll-gate at the Hoosac Tunnel. It would seem that the State had expended an enormous sum of money, if it were for the purpose of going through a long cut of solid rock. We will say that out of \$12,000,000, which the tunnel will cost, I suppose the Troy and Greenfield road is reckoned in, at any rate a portion of the cost of the tunnel belongs to the road-bed, and that portion should be set to the line of the road; but suppose the cost were to be divided into two parts,—one-third for the road and two-thirds for the cost of the tunnel, on which tolls should be charged. I contend, Mr. Chairman, that every road that wants to strike the tunnel line, whether coming from the North, from Troy or Albany, should come through the tunnel just as freely as water would run through it.

I hold in my hand, Mr. Chairman, an abstract of the report of the auditor, in regard to the cost and earnings of the Erie

Canal from 1826 to 1866, which was then the only route for commerce between the seaboard and the Western and Northwestern States. It had cost on the 30th of September, of 1866, including construction, repairs, improvements, maintenance, and legal interest on all expenditures, \$210,093,-502.35. Their revenue, with legal interest, to the same date, was \$202,619,515.08, leaving a debit balance against all the canals of \$7,473,987.72. The Erie Canal had cost to that date, including legal interest, \$141,421,425.23, against a revenue for the same period, including interest, of \$182,857,-915.87, leaving a credit balance of \$41,436,490.64.

There was at the same date a debit balance against the lateral canals, averaging from \$70,000 to \$15,255,237, and the debit balance for the whole canal system of the State of New York to-day, including the whole cost, is only \$7,437,-000. As this writer says, the result is that this grand system of public works has been constructed, maintained, and is owned by the State, without cost to the people. Now, Mr. Chairman, if that can be done in New York, where things are done about as extravagantly as in Massachusetts, to say the least, I don't see, if it should be decided that the State should take the tunnel, why that fact is not applicable to this case. I believe, if the State does take the line, it can be managed economically, and that it can be managed for the interests of the whole State of Massachusetts.

Col. George.—I think this thing should be fairly stated, and if the Lowell road has acted improperly it should meet with the disapprobation of this Committee. The assertion or suggestion to which I took exception was that the Lowell road cost more per mile than any other road, excepting the Hartford and Erie. Everybody understands that there has been a large amount of money squandered upon that road, and the suggestion, if it was not the intention of the speaker, at any rate, the inference that might be drawn was that there had been an immense amount of money squandered upon the Lowell road. That was the inference that was drawn, evidently, from the fact that there was a general guffaw when the assertion was made. Now, not one dollar of watered stock has ever gone into that capital. Every dollar has been expended in cash. The capital and debt now is a little under

\$5,000,000. With the additional capital there has been purchased, by the Lowell road, the Boston storehouses, the Stoneham Branch, the Lexington Branch, the Lexington connection, the Mystic Branch, the Mystic property, the passenger station with the land, costing \$1,200,000, a majority of the stock of the Lowell and Lawrence and the Salem and Lowell roads, and more than double equipment. I merely make that statement in justice. If the intention was made to convey the idea that there had been watered stock or squandered money it seemed to me that it was a slanderous one.

The Chairman.—We did not so understand it.

ATLANTIC AND ONTARIO RAILWAY TRUST COMPANY.

Hon. Ellis W. Morton made the following statement :—

I have the honor to represent Mr. Edward Crane and his associates, whose petition you have before you.

Col. Codman.—Who are the associates? The form of the petition seems somewhat irregular.

Mr. Morton.—The form of the petition itself was not submitted to me, nor am I in any way responsible for it. Mr. Crane will answer as to that, and probably give good reasons for it.

The petition covers a subject presented to the legislature in 1870, by a commission appointed by the legislature of 1868, on the subject of cheap transportation.

Mr. Crane, as is well known, was the author of the measure submitted to the legislature at that time. His associates in the commission, while commending his plan to the serious attention of the legislature, did not attempt to endorse it at that time. Mr. Crane since that time has never allowed this subject to escape from his mind. He has acted in concert with various gentlemen, representing different interests, to bring it to the repeated attention of the legislature. I hold in my hand now a bill embracing Mr. Crane's plan. In that bill are the names of thirty-one corporators who, while they don't ask to be considered as corporators, or have any personal interest in the matter, have authorized Mr. Crane to treat them as associates in this matter. That I understand to be the explanation of the form of the petition.

The plan which Mr. Crane proposes to submit to this Committee is not based upon the disposition of the Hoosac Tunnel; but it appears to be a peculiarly applicable measure by which the question submitted to this Committee at this time may be disposed of.

Many years ago, the construction of the tunnel was commenced. Its completion has been advocated as being the means for opening a new route to the West, which must result in very great advantage to the Commonwealth of Massachusetts. If I were to recapitulate the vicissitudes through which that great work has passed, I should only be repeating what is known to almost every observer in this Commonwealth. The object of the State has been to increase the commerce of Boston, and to advance the prosperity of our manufacturers. The method by which that great work can be made available has scarcely been brought to the attention of the legislature until this time. At the present time, with an expenditure of ten or twelve millions of dollars, you are told that the State has constructed five miles of railroad, just as good and no better than any other five miles of railroad, and that in order to make that work effective it must be consolidated with other roads and not be used as a toll-gate which might be as effectual a barrier to commerce as the mountain itself. To a certain extent this position is true. You have on your hands this tunnel nearly completed at an immense cost and the question is what to do with it. It seems to be conceded by every one before the Committee, and must be by every man of sense, that in order to render it efficient, in order to make it fulfil the promises which have been held out with regard to it, that it cannot be permitted to remain as one link in a line composed of several other railroads. Then you are led, Mr. Chairman and gentlemen, to consolidation inevitably. But when you urge consolidation you are opposed by as serious a difficulty as Hoosac Mountain ever was, and that is combination. No railroad man who has appeared here has attempted to urge that consolidation and combination do not inevitably go hand in hand. Then where do you stand? You have the tunnel, valuable as it is, but not nearly as valuable as it ought to be if you leave the lines of road connected with it in their present condition. If you consolidate them, and

allow the tunnel to be operated by private hands you have an inevitable competition resulting in an inevitable combination. Go further,—if you consolidate all these lines, and try to operate them, if they should be taken into state ownership, under state management, you still have no line to the West by which you can compete with the great lines of railroad which now take the cereals of the West to New York. The tunnel does not fulfil its promises. It is not, as it had been hoped it might be, the indestructible quarter through which prosperity must flow in upon this Commonwealth; but it is still subject to the great corporations managed by private interests outside of this State. Therefore, I say, that in order to reap these advantages that have been hoped for, in order to fulfil the promises that have been made, the promises of an independent useful line to the West, we must go further and reach at least to Lake Ontario. We must touch Oswego, and let us still go to Buffalo, and better still to Chicago.

The plan which I have the honor to represent contemplates the carrying out of the idea originally advanced when work was first commenced upon the tunnel. It contemplates state ownership, state control for the benefit of the State, and a new line to the West. And, Mr. Chairman, I am gratified to see how far public sentiment has advanced in favor of state ownership and state management. It is really marvellous when you consider what is the fact, that only a few years ago scarcely a patient hearing could be heard anywhere upon the subject. And yet, sir, in the very outset, in the very first charters that were drawn for railroad companies, the principle of state ownership or state management was recognized, and the manner of taking them by the State was provided and inserted by the Commonwealth in the charter. Railroads have always been considered a governmental matter, and if the management of the railroads has not yet been undertaken by the government, and if the necessity for the management of railroads by government has not been clearly heretofore presented, these facts do not militate at all against the fact that the meaning of the delegation of the right of public domain in the first place, shows that the construction of railroads in the outset is a governmental matter. So I go farther to say that the principle was first

settled when the State gave its credit in aid of any railroad. When has it been known that the State has loaned its credit to a cotton factory, or to a lawyer to buy a library to practise his profession intelligently? When has it been known that the State has loaned its credit to any other than public measures touching education, charities or highways? The three first municipal duties recognized in the establishment of our government have been the education of youth, the maintenance of the poor, and the maintenance of highways. When the State loaned its credit for the first time, it established the principle that railroads were governmental highways, to be built by governmental aid, and when it inserted a provision for the resumption of the control of the franchise and rights granted to railway companies into the charters, it contemplated that at some future time the necessity might arise for the management of railways by government. Has that time arisen? I think that is the chief question presented to you now for settlement. The perplexities which surround it, the varied opinions which have been offered here touching it, I think must have convinced you that we have approached very nearly to the time, when some greater and fuller governmental interference than has yet been in the matter of railroads is called for.

If governmental management was anticipated as likely to be called for when the first charter for a railroad was drawn, how much stronger is the fact at the present time! To-day, Mr. Chairman, a railroad is the prime necessity of life. I put railroads, sir, before bread. I don't say that without the construction of railroads we might not live in our former condition, when every man cultivated more of his own land, and when every man supported himself more by the work of his own hands than at present. But stop railroads for thirty days from the present moment throughout the globe; cease their operation for only one month, and millions of people would stand in want of bread itself. Stop the shipment of grain to Great Britain from any source, and in how many days would there be hundreds of thousands without a loaf? It would not be a week. So, then, I say, if governmental regulation and operation was anticipated before we were dependent for anything upon railroads, how much stronger is the case when we

are dependent for everything upon railroads. Compare the travel upon railroads with the travel upon highways. Of course I have no statistics upon the point, but I fancy that the travel upon highways is totally insignificant, as compared with that upon railways. The time was when the highways were the only roads; when they were recognized as a matter belonging to the government and the public interest. Now railways have superseded highways in most of the affairs of life. Is it any the less reasonable that they should be considered in the light of highways?

I say, Mr. Chairman, that I have been gratified at the advance of public sentiment in favor of state ownership and state control. When this report was first made to the legislature, the men who have been here during this hearing were not prepared to come to the state house and ask for state ownership. To-day I am preceded by the railroad commissioner and by such men as Mr. Quincy, Mr. Spooner, and ex-Governor Claflin, who advocate not so much with a view to having a direct and independent line to the West, as with a view to disposing of this tunnel question and the assumption of the railroads composing that line by the State. They have not advanced quite as far as I have in my representative capacity, for after advocating state assumption of these roads, and the State managing them, leave it without presenting any feasible plan by which this consummation may be brought about. I am about to offer a plan by which not only this State shall have a line of railroads operating, not in private inrerests, as private corporations always must be—and reasonably so—but which shall command an entrance into the grain-fields of the West free from the dictation of any of the great corporations or individual interests of New York.

Some of the gentlemen of the Committee are familiar with the principles embraced in this bill. They have been presented before. Others perhaps have not seen the bill and therefore with the approbation of the Committee I will call their attention to the principal features of the bill which we submit, not as a perfect plan, for we lay no claim to infallibility, but as the best plan that one single humble individual has been able to devise.

Section one contains the thirty-one corporators; and here

I desire to say that in this section we simply offer the names of persons who have avowed themselves to be in sympathy with the plan. We offer the names for no other purpose than to present a full bill in all its features. We don't ask the Committee to adopt them. We have no personal interest in the matter, so I will not take the trouble to read the names.

What we mean by acquiring for the perpetual benefit of the people of the Commonwealth this line of roads is, the intention without force, but by measures to be made voluntarily by parties in interest to buy railroads from here at least to Oswego, and to lease others or buy them and thus give to the State of Massachusetts the entire ownership of a through line of railroad to the West.

By section six it will be observed that the corporators are composed of gentlemen elected by six legislatures. If the State is not safe in the hands of thirty gentlemen acting as trustees without any earthly pecuniary interest except their remuneration for the faithful performance of their duty, elected by the whole people of this Commonwealth, then, sir, I don't know how State control is to be safely assumed.

Section seven provides that under no circumstances can this stock pay more than a six per cent. gold dividend per annum.

Section ten provides that the capital stock of this trust company shall be \$54,000,000. This contemplates the ownership of nine railroads mentioned in this bill with their branches with others necessary to extend the line from Troy to Oswego, and the laying of double tracks and the building of equipment and placing the road in such a position as will enable it to receive not only all the freight that would flow to it, but all that can possibly be drawn over it, for the Commonwealth must manage its railroads, as individuals do theirs, and not wait for business to come to them, but go out after it. The State is asked to guarantee six per cent. in gold per annum on this \$54,000,000, and to promise that in 1890 it will pay \$15 premium or less on every share of stock surrendered to it, and whoever takes a share of the stock agrees to give it back to the Commonwealth at par in the year 1900.

One question to be considered is whether there will be business enough upon the line of railroad embracing all these branches with the immense amount of property connected

with them and the line from Troy to Oswego. I think the evidence before the Committee will allow me to say that it is not extravagant to say that it is safe to guarantee six per cent. upon \$54,000,000 for an independent line of railroad to the West, operated in the hands of the Commonwealth.

The remaining sections provide for the price to be paid for the various roads, for a sinking fund and for other purposes duly explained in the bill.

The following is the bill which we present:—

AN ACT to incorporate the Atlantic and Ontario Railway Trust Company.

Be it enacted, &c., as follows:

SECT. 1. Edward Crane and Henry Smith of Boston, George O. Brastow of Somerville, Horace H. White, Henry J. Nazro, Otis Clapp, Luther A. Wright, and John B. Taft of Boston, Edward Appleton of Reading, Levi L. Cushing, Jr., of Cambridge, Harvey Scudder of Boston, Charles Dimick of Somerville, John B. Bartlett, Thomas J. Gargan and J. Wilder May of Boston, Roger H. Leavitt of Charlemont, Andrew J. Clarke of Orange, John Brown and Artemus R. Holden of Boston, Sanford Blackinton of North Adams, Charles J. Billings and Eugene T. Miles of Fitchburg, John G. Mudge of Petersham, David Aiken of Greenfield, Theodore H. Sweetzer of Lowell, Thomas W. Peirce of Topsfield, Edward L. Giddings of Boston, Daniel Wetherbee of Acton, Ezra Farnsworth of Boston, and Walter Fessenden of Townsend, and their successors, to be appointed by the legislature, as hereinafter provided, are hereby made a corporation by the name of the Atlantic and Ontario Railway Trust Company, for the purpose of acquiring, and they are hereby authorized and empowered to acquire, for the perpetual benefit of the people of this Commonwealth, the Hoosac Tunnel, and the roads, franchises, estates, rights and privileges of the following named railroad corporations, viz.: the Fitchburg, the Boston and Lowell, the Vermont and Massachusetts, the Massachusetts Central, the Troy and Greenfield, the Troy and Boston, and the Vermont Southern, and the roads, estates, franchises rights and privileges of such other corporations as may be required in order to perfect a line of railways from Boston to Lake Ontario; and, two-thirds of said corporators consenting, they are hereby authorized and empowered to hire any other roads that may be required in order to extend said line to Ogdensburg, Chicago and Buffalo, and to operate the same.

SECT. 2. The first five persons named herein as corporators, or a majority of said five persons, shall within sixty days from the pas-

sage of this act, call a meeting of said corporators, for the purpose of organizing said company, by giving to their associates, through the mail, at least five days' notice of the time, place and purpose of said meeting. The presence of twenty of said corporators at any meeting thereof shall be necessary to constitute a quorum, but a less number may adjourn from time to time.

SECT. 3. At said meeting, the corporators shall choose separately, by ballot, a president, treasurer, clerk, and a board of five directors; prescribe their duties, fix their salaries, and determine the amount of the bonds to be required of the treasurer; but no corporator shall be eligible to the office of president, treasurer or clerk of this company.

The official bonds given by the treasurer shall be entered of record in the office of the company, and deposited for safe keeping in the office of the treasurer of the Commonwealth.

SECT. 4. The president, treasurer, and clerk shall be duly sworn to the faithful discharge of the duties of their respective offices, and shall hold the same until removed by a vote of the corporators.

The president and the clerk, so chosen, shall act as the president and the clerk of the board of directors, and at all meetings of the corporators the president shall have the casting vote in case of a tie.

The president and treasurer shall not engage in any other business during their continuance in office.

SECT. 5. The board of directors shall be chosen by the corporators from their own number, and shall hold their offices for one year, or until others are chosen in their stead.

The board of directors, together with the president, shall have charge of the executive duties of the company, and shall be vested with all the powers necessary to carry into effect the provisions of this act, which are not otherwise expressly conferred upon the corporators. Four directors shall constitute a quorum, but all votes, except for adjournment, shall be unanimous, and shall receive the assent of the president before they shall have effect.

In case of a division among the directors, it shall be the duty of the president, upon the written request of any director, to call a special meeting of the corporators for the purpose of deciding the questions at issue, and the notice of said meeting shall state the business for which it is called.

SECT. 6. Upon the organization of the company, the corporators shall, by lot, divide their number into six divisions, containing five members each, and each division shall hold office for one, two, three, four, five or six years, respectively, accordingly as they shall be drawn.

And at some time in the month of January of each year, the legis-

lature shall elect, by ballot, in joint convention, five citizens of this Commonwealth as corporators, who at the next annual meeting shall take the place of the five corporators whose term will then expire, and shall hold their places for the term of six years; and the legislature shall also then and in like manner elect corporators to fill any vacancies that may then exist in the number of said corporators; but no member of the legislature shall be eligible as a corporator or as an officer of said company; and if any corporator or any officer of this company shall become a member of the legislature, his place in this company shall thereby become vacant.

In the election of corporators, the legislature shall make such a choice that one-half of the number shall be residents of the city of Boston or vicinity, and the other half residents of places on or near the line of said railroads.

SECT. 7. The company shall hold its annual meeting on the first Wednesday in the month of June, and its semi-annual meeting on the first Wednesday of December, in each year, and at such hour and place as the corporators may determine; at which meetings semi-annual dividends may be declared: *provided, however*, that no dividend of more than three per cent. in gold, or its equivalent, shall be paid, except to make up a deficiency below that sum in previous dividends.

SECT. 8. This company shall have all the powers and privileges, and be subject to all the duties, restrictions and liabilities set forth in the general laws now in force relating to railroad corporations, except so far as said laws may be inconsistent with the provisions of this act.

And, as to each of the lines of railroad which it may acquire under this act, this company shall also have all the rights, powers and privileges given to said railroad corporations, respectively, by their charters: *provided, however*, that this company shall not make any mortgage of its property, nor issue any notes or bonds.

In case the legislature shall hereafter authorize an increase of the capital stock of this company, one-sixth part thereof shall be set apart and added to the sinking-fund herein provided for.

SECT. 9. This company shall also have the right to purchase and hold, as hereinafter provided, the stock, bonds and other claims against each of the said railroad corporations; and in respect to the stock of said corporations, or to any bonds or claims against them, which this company shall purchase, it shall have all the rights and powers of the parties selling the same; and shall also have the right to vote at any meeting of either of said corporations, or of the bondholders, on all shares of stocks and bonds which it shall have purchased.

SECT. 10. The capital stock of this trust company shall be fifty-four millions of dollars, to be divided into shares of one hundred dollars each, which shall entitle the holders thereof to a dividend of three dollars per share semi-annually, in gold or its equivalent, from the net earnings of the company to January, nineteen hundred. Of this sum, ninety thousand shares shall be issued to the treasurer of the Commonwealth in trust, as a railroad sinking fund; and he shall, on the receipt of each dividend on the stock so held by him, invest the same in the purchase of stock of this company held by individuals: *provided*, he can do so by paying therefor not more than the par value thereof, and fifteen per cent. premium. But before making such purchase he shall give suitable public notice of the time and place when and where he will receive offers of said stock, and of the amount of money to be so invested; and of the stock so offered, he shall take the lowest bids within the limit above specified. In case he cannot purchase within said limit, he shall invest the funds in such securities as the governor and council shall approve, till such time as the stock aforesaid can be so purchased.

In the month of January, of the year nineteen hundred, the Commonwealth will take all the shares of the capital stock of this company, which it shall not have previously acquired, and will pay therefor one hundred dollars per share, and will also then pay any deficiency in the amount of dividends at the rate of three dollars. semi-annually, in gold or its equivalent, with interest thereon.

SECT. 11. This trust company shall not sell any of its stock at less than one hundred dollars per share, in cash, and it shall pay

(1.) For the stock of the Fitchburg Railroad Company, not more than one hundred and seventy dollars per share, nor more than their par value and accrued interest for the claims held against that company;

(2.) For the stock of the Boston and Lowell Railroad Corporation, not more than one hundred and seventy dollars per share, estimated at one hundred dollars each, nor more than their par value and accrued interest for the bonds and other claims held against that corporation;

(3.) For the stock of the Vermont and Massachusetts Railroad Company, not more than one hundred and ten dollars per share, and for the bonds and claims against said company, not more than the amount due thereon;

(4.) For the stock of the Massachusetts Central Railroad Company, and for any claims or liens against that company, not more than their par value, and six per cent. interest thereon, from the date when the money was paid in, or the debts and liens were made:

(5.) For the stock of the Troy and Boston Railroad Company, not more than the par value thereof, and for the bonds and claims against said company, not more than their par value and accrued interest.

Provided, however, that this trust company may exchange its stock, at one hundred dollars per share, for the stock, bonds and other claims against the said corporations at rates not exceeding those above specified, and may pay for the property of said railroad corporations, in whole or in part, with the stock of this trust company, at one hundred dollars *per share*. *Provided, further,* that this trust company shall not purchase any portion of the stock of either of the corporations above named until it shall have made contracts by which it shall secure a majority of the stock of said corporation.

The remaining shares of the capital stock of this trust company shall be appropriated as follows :

Sixty-eight thousand shares to the purchasing of the stock of the Fitchburg Railroad Company ; thirty-seven thousand nine hundred and seventy-eight shares for the purchasing of the stock of the Boston and Lowell Railroad Corporation ; thirty-one thousand four hundred and sixty shares for the purchasing of the stock of the Vermont and Massachusetts Railroad Company ; forty-five thousand shares for the purchasing of the shares of the Massachusetts Central Railroad Company ; fifteen thousand shares for the purchasing of the stock of the Troy and Boston Railroad Company ; seventy thousand shares shall be issued to the Commonwealth as reimbursement for its advances to the Troy and Greenfield Railroad Company and for the completion of the Hoosac Tunnel ; ninety thousand shares to the building of a railway in continuation from North Adams, in this Commonwealth, to Lake Ontario ; thirty thousand shares to the construction of docks, warehouses, elevators and depots, at the lake terminus of said extension ; sixty-two thousand five hundred and sixty-two shares to the completion and equipment of the line, and for the extinguishment of claims and liens thereon. And as soon as said Hoosac Tunnel shall have been completed, the Commonwealth shall convey all its right, title and interest therein to this company, and thereupon this company shall issue to the treasurer of the Commonwealth the aforesaid ninety thousand shares of stock for a railway sinking-fund for the redemption of the stock of this company, and the aforesaid seventy thousand shares as reimbursement for advances to the Troy and Greenfield Railroad Company, and the Hoosac Tunnel. And as soon as the said Massachusetts Central Railroad Company shall be completed to Northampton, and ready for equipment, this company shall, if so requested by that corporation, purchase their stock, but shall pay no more than the

par value thereof, and six per cent. interest from the time the money was paid into their treasury ; and for claims against said corporation, this company shall pay no more than the amount due thereon.

All the stock, bonds and claims acquired by this company, as herein provided, shall be deposited with the treasurer of the Commonwealth, to be held by him in trust for this company.

SECT. 12. Each certificate of stock of this company shall be signed by the president and by the treasurer, and countersigned by the treasurer of the Commonwealth, and shall contain a statement of the conditions that the stockholders are entitled to a semi-annual dividend of three dollars per share in gold, or its equivalent, and that in January, nineteen hundred, the Commonwealth will purchase said shares, and pay therefor one hundred dollars per share, and any deficiency in said dividends, with interest thereon, as provided in this act, and shall contain a condition that the holder of the certificate will sell and transfer to the Commonwealth the shares represented by the certificate at the time and upon the terms above specified : *provided, however*, that the treasurer of the Commonwealth shall not countersign any certificate until he shall have satisfactory evidence that the equivalent therefor, as fixed by this act, has been paid into this treasury of this company.

SECT. 13. This company shall have the power to sell and convey, for cash, all lands, buildings, tracks, bridges and other property now belonging to either of said corporations, which may not be wanted for the purposes of this company, and it shall apply the proceeds thereof to the completion, equipment and working of said road.

SECT. 14. As soon as this company shall have acquired said Fitchburg Railroad and said Vermont and Massachusetts Railroad, it shall have power to lessen the grades and straighten the line of said roads at such points as it may deem expedient for the purposes of this act.

SECT. 15. This company shall have the right to issue transferable receipts for storage, insurance, and transportation of freights at fixed rates ; and such rates shall not be increased until the expiration of twelve months' public notice of the proposed change.

SECT. 16. Savings banks, banking institutions, insurance companies, and persons holding funds in trust, are hereby authorized to invest said funds in the stock of this company, at rates not exceeding fifteen per cent. premium.

SECT. 17. The property of this company shall not be subject to any state, county, city, or town tax ; but each shareholder, except the Commonwealth, shall be liable to taxation, in the same manner as for like property.

SECT. 18. Whenever the Commonwealth shall have acquired the

whole stock of this company, as herein provided, it shall be the duty of this company to fix its charges for transporting freight and passengers at such rates as, together with any other sources of income it may have, will pay the working expenses of the company, and keep the roads in repair, and no more, unless the legislature, for the purpose of extending the facilities of the company to do business, or to acquire or build other roads, shall authorize higher rates.

SECT. 19. This corporation is hereby required to keep alive the organization of the various railroad companies named in the first section of this act until such time as the legislature shall otherwise direct.

SECT. 20. This act shall take effect upon its passage.

Mr. Morton.—I will call Mr. Crane, who will explain to the Committee the facts upon which he has based this plan as being the best one he could devise representing the Commonwealth as one of its commissioners to secure cheap transportation and efficient management of a railroad corporation from here to the West in this direction.

Q. (To Mr. Crane.)—Will you have the goodness to state first to the Committee what you consider the necessity for a line of railroad from Boston to the West, to be operated for the general benefit of the Commonwealth rather than for private interests?

MR. EDWARD CRANE'S REMARKS.

Before I answer that question, I would beg the gentlemen of the Committee, if they find me digressing from the subject, to call me back. I would ask my counsel, if he find me at any time, or any of the gentlemen, if I deal in personal allusions, to call me back. I have no wish to wound the feelings of any man.

I have given this subject, the commercial aspect of this great railway problem, an early study. You will find in the Resolves of Massachusetts of 1868, a Resolution that was passed to see what legislation, if any, was necessary to secure to our people cheap travel and transportation between Boston and Lake Ontario.

The freest discussion was enjoyed in 1868 and plans of every form were elicited. Three days, at the request of a majority of the senators and representatives of the House, was

spent in discussing this question. Out of that discussion grew the commission of which the legislature did me the honor to put me at the head of it. I consented to serve, on three conditions:—First, that the commission should act without compensation; I never have and never would serve for pay. Second, that I should be allowed to choose my own associates on the commission. The third was, that the State, at their own expense, should print the report of the commission when made up. The conditions were complied with and I undertook the investigation. I supposed the question was easy of solution; but a more difficult problem I never undertook in my whole railroad experience to answer. Because, in answering it rightly necessarily good would flow from it; if answered wrongly, not from design, but from mistaken judgment, the result would be lasting as our railroad system would be lasting.

I entered upon the investigation of the subject fully persuaded in my own mind that the State never should run a railroad. I was brought up in that belief; I was educated in it; it was instilled in my very bones in my boyhood days living by the side of the Erie Canal. I began the investigation. I could see the want of the commercial community—cheap travel and cheap transportation. But how to obtain it? I went this way and that way, and the other way, and I got hedged until I could see no daylight. I went to my associates, Mr. George Baty Blake, whose judgment as a financier cannot be excelled, and in whom I found warm support and sympathy, although he was an entire disbeliever in the results that we arrived at. I also wish to state that from Mr. E. R. Mudge I received valuable assistance, aid and counsel during the whole progress of the two years of the investigation. I received also from Mr. Elisha Atkins, the largest dealer in West India goods in this city, valuable aid, information and assistance. Also from the mayor of the city, Mr. Shurtleff, I received good advice and counsel; and in the law part, of Mr. Chauncy Smith, of the firm of Bates & Smith, together with Henry W. Paine. I relied upon them for my legal information and was enabled by them to put the thing in the shape in which it now is. I wish to make this explanation because I have never done it before. It is due to these gen-

tllemen to state that they did it without compensation, and freely.

Now in taking up this question, what is this tunnel in which the State has an interest larger than any other, that lies in the line between the lakes and our seaboard? What has that tunnel to do with the commerce of Boston? Everything to do with it, if rightly considered. The evidence that has been before the Committee as to the amount of business is for us to consider. I heard Mr. Coffin's remarks the other day, and can say that there is not a word of his statement but the facts will really justify and substantiate, and run beyond even his most sanguine expectations, as regards that Northwest country. I had occasion to investigate that matter early in this investigation. There has not been a statement made with regard to Chicago and the West, the wants of the community and the business that would flow, but that I agree in most cordially. I think all of it is within the truth. On the other hand, the statements that have been made by General Stark and Mr. Stearns, of the Fitchburg road, that the business has got to grow to this line, I cannot agree to. It is like a dam built and flowing back. This business is pressing to the seaboard, to the extent that the statements made by Mr. Vinal this morning are largely within the truth. It will exceed them, and not fall short. I agree with that statement most cordially.

Now, gentlemen, in taking up this question, what has this to do with the commerce of this country? It is the foundation-stone. If you will once take down this impassable barrier to the West, I can see in my vision clearly—it grows on me—that this little New England city shall be the very foremost in commerce. See where it is. God sifted Europe to plant this little Commonwealth of Massachusetts, and planted us on sterile soil, and gave us a harbor, an inlet, an outlet and surroundings for a city such as cannot be found on the seaboard anywhere else. I think when we rightly understand this subject we ought to rise above all personal consideration; we ought to rise above all questions of whether one road is worth ten dollars and another one hundred dollars; whether this or that man shall govern it. I say there are questions connected with it of such a nature that if there is

love of country and statesmanship left,—which I believe there is, I know there is,—we shall do what is right when we occupy the position God has given us, and bring this little city, worthy of the Puritans and Pilgrims, worthy of Massachusetts, to stand on the great line between Asia and Europe. I believe it; I know it is so; and believing it and knowing it, I cannot keep still. It is this that moves me.

Here we are lying to-day with a harbor unsurpassed, with the Commonwealth owning in yonder South Boston flats, 600 acres that is worth \$25,000,000, provided you can make Boston a commercial city. If you can make her equal to any other city these flats are worth dollar for dollar those flats upon the Back Bay. Now how can we do it? You have simply got to bring just as cheaply from the points of competition the agricultural products of the West, that form the basis of the commercial prosperity of our seaboard cities,—as cheaply, I say, if not a little cheaper, than they can be carried to any other point on the seaboard. If you will grant me that you have settled the question beyond a doubt; that you are in this direct line; that you can reach the points of competition and have a cheaper, better and more reliable line than any other city, is as sure as the mathematical calculation that two and two make four. Now what is the want of this commercial community? First, that we can have a large emigration. Why don't we have it? There are coming from Europe every year about 400,000 emigrants. Why don't they come here? Why send them to Cincinnati, Chicago, Albany, Troy, and the whole Western country?

Why don't the Western goods come here? Simply because when a merchant from the West buys his goods in Europe he says, send them to New York. Why? Because the Pennsylvania road runs into New York. The Baltimore and Ohio, the Erie, the New York Central, all run into New York, and there is always competition which protects the merchant. But if he brings his goods here, whom does he treat with? With a personal agent and not according to printed rates; but he is obliged to compete with personal friends at court and parties in position or interest.

Again; they do not have their goods come here, because if they do come here the shipmasters cannot get return cargoes,

and that is just as essential as the other. The man in Liverpool says, I will take that property to New York for so much and to Boston for so much. But the price is more to Boston than to New York. Why? The question comes from the ship-owner, Can I get a return freight? This position is stated by Mr. Stark when he says, they can afford to carry a return load on their boats at very low prices. A man says, "If I can get a return freight from Boston, I will go there. They can handle freight cheaper in Boston than in New York. I would rather go there than go to New York." It is the want of return freight that keeps them away. The want of Boston is, to have one president in this State, one agent who can say to every ship-owner that we are ready to do business at fixed cheap rates; who can go to the merchant and say, we will put these emigrants down at the lake at a dollar per head, always as cheap as they can go to New York,—never higher. What will that do? Why, sir, it would send an electrical current through the shipping interest of this country, and send our vessels to all parts of the world. We have been occupying this ground for twenty years, and have not done it. Can we do it? Yes. When? Whenever you utilize aright this tunnel which this Committee have now in keeping. Now in following out this question of imports and exports, then comes the next question, How can we handle them cheaper in Boston than in any other city? How can we do it? Let Mr. Vinal, and a half dozen other such men, be incorporate as a clearing-house company and take charge of all this, and experience, skill and tact do, what? Lessen the charges more than one-half of what they are now, of getting freight to the shipboard and ready for foreign ports. Why? Because a railroad superintendent may be the best manager of a railroad in the world, but when you bring him into the mercantile department he is lost. You need first a company that can transport, and second, a class of men who can take and handle goods and distribute them as a matter of business. It is not done to-day, and it cannot be done to-day, because in the East, North, South and West our whole railroad system is cut up into small roads, acting without any unity of action. Consolidation, concentration, combination, unity of action, are necessary elements of economy and strength.

Now, I say, let us take this railroad system, and let us lay this foundation deep down at the bottom. Where are the points of competition? Whom have you to compete with? I don't wish to lessen the element of competition one particle. What is it? You are now laying out work that is coming into competition with New York State,—a competition that robs New York of a one-man power reaching from Chicago to Boston,—Commodore Vanderbilt and his interests. You have got that to meet in the face, and you have got to look at it. Don't count it a weak power. If there is a hole left in your armor he will find it; you will pay for it in the end, surely. Then you have on the other hand the Pennsylvania interest, that to-day wields a power over nearly one-fourth of the whole railroad system of the country, in the hands of Thomas Scott and Edgar Thompson. Where do they reach? To Chicago and across the continent and the Southern States; and the moment they understand that Boston intends to cut clear from them and act independently, that moment you bring down upon your head a power that will seek every nook and crevice that you leave open. Then on the other hand you have what? You have a corporation whose money is poured out freely, a corporation that can surround your table with counsels and money to any extent to advocate whatever they wish to have advocated, and "we, the people" furnish the money. You will have that element to contend with. But if you can build this tunnel line, you have got a shorter route to Troy. To do what? Not only to reduce rates to Troy, but to reduce the rates on the Boston and Albany as well. The shorter line will fix the price, and the longer line will run at the same price. It is done in common experience every day, and it will continue to be done. Therefore the distance saved will reduce the rates, and they will be the same over the Boston and Albany when you do it. Then in regard to the Erie Canal at Troy, whatever your rates are to that point you have just that competition at Troy. Trust the tunnel in the hands of the legislature for three sessions and in the fourth session, I speak it advisedly, there will be a feasible scheme introduced that the State had better sell it. They had better part with it because it is a tax to the people and they don't get any income from it nor from the

stock. You may just as well understand that, not one dollar will be paid for the use of that tunnel, the business is not there. You have got a power that is watching every little hole that is left open,—Vanderbilt and the president of the Albany road,—men of skill and ability, strong and efficient men, ready to take advantage of your weak points. Your weak point is that when you have got it done it has not answered the ends of those who have been looking to Troy, commercially I now speak of it. As a matter of business it practically comes to that point that you cannot compete with that point, if you attempt it you will fail. You cannot find twelve railroad men who will sit down and take the case as a jury would take it, and would not give you a unanimous verdict that your railroad is a failure at Troy, commercially. You cannot build up commerce for Boston at Troy. I speak it in all solemnity. I know it to be so. Why? That line beyond Troy is in the hands of men who do not desire your prosperity, and who do not intend you shall be independent, but who intend that you shall have a weak line, and who will keep you in swaddling clothes forever as a community. Then comes the question why do you want to take the business of the Boston and Albany away from them? I don't want to. There is but fifty-five thousand tons of this through freight brought to Boston by this line. Give it to the Albany road. I wish it were ten times as much as it is.

What we want is to strike new sources and new fields. Look through yonder tunnel! You find Ogdensburg on the right,—a great depot in the future of this continent, for the cereals of the West lies there. Ogdensburg. Where is it? That line within five or ten years will pass cars through our city for Europe on the line of the road from Canada to the Pacific. I have a note from one of the contractors for this last named road, confirming the statement made by Mr. Coffin that \$30,000,000 have been appropriated to make connection with the Northern Pacific. Now shall we take it? Yes. Now the estimates of the thirty gentlemen from Northern New York, what are they? Two years ago they could not be given. Now I think they have laid the facts upon your table to your entire satisfaction. I have been over every mile of the routes which they present to you. I have walked it,

rode it and have helped to engineer it this last summer. I have also been over the line described by Mr. Comstock. Start at Salisbury and go to Rome; but when you have gone to Rome, you have run this road over to the Erie, and into the lap of the New York Central, and they will be glad to have you stay there. If the truth could be told to-day, New York Central money has been here through the newspaper press giving and suppressing information intended to keep you off your main line. Now then comes what? When you are at Salisbury you are forty-three miles to Boonville. When you are at Boonville you stand in a direct line from Ogdensburg ninety miles across the country. At Boonville you are two hundred and eighty-five miles from Boston, and ninety miles from Ogdensburg by a direct line. By a railroad now built, the Black River road, you are brought within thirteen miles of Ogdensburg. Now when you are at Boonville, what do you want? You want Ogdensburg. I speak with frankness; we want it and must have it! For twenty years we have been dabbling with a fragmentary line. One plan has failed, and another plan has failed, until gentlemen come here who have had ample means,—Mr. Stark and his associates,—and say to you that with all their means they have not been able to effect satisfactory results. It is a fragmentary line and in such shape that it cannot be put into a road to fulfil its commission.

Now, I say, by taking this line of railroad under one government and by striking Ogdensburg twenty-five miles nearer than it is to come down over the Northern Railroad through Vermont and New Hampshire, you will make that your main line to the West. There is a point of competition to which I will call your attention, and which should never be lost sight of. Would that I could impress it on every merchant's brain, and on the mind of every manufacturer of this community.

The next point is what? There is the most direct line to Lake Ontario. It lies directly through Boonville, and the length of the line is three hundred and forty-two miles. And from Boonville you are distant forty-eight miles, and about nineteen miles from Oswego. Now, then, you have accomplished what? On the map presented to the legislature, Port Ontario was made to appear three hundred and twenty-five

miles from Boston through Hoosac Mountain; but the distance had not then been surveyed. I was obliged to take the State maps and send agents here and there, and from all the information I could get the distance could be reduced to three hundred and twenty-five miles. That distance, it is now in evidence before you, is about three hundred and forty-two miles to Port Ontario, and still further to Henderson Harbor. This distance may be brought down by shortening on the Vermont and Massachusetts, and by other changes so that the distance will be three hundred and thirty-two miles. Then you have got what? The moment you strike Lake Ontario at that point don't go to work and put on steamboats. I don't wonder Governor Stearns said he didn't believe in it, or that they lost money in it. It is true. They ought to lose money in it. When railroad companies undertake to run steamboats, when railroad companies undertake to turn merchants, when railroad companies undertake to navigate the ocean, it is only a question of time when they will fail. They cannot do it. It is meddling with that which does not belong to them, and they must of necessity fail in it.

Where is the next point of competition? Buffalo. I was going to give the statistics this morning which Mr. Vinal has given you. He has not put the case too strong. It is true that these barges are the best thing to float grain from the interior—from Duluth and the whole North-west, and pour it into Buffalo. To-day the merchants of Buffalo are united in retaining this trade. Would to God I could transplant about five thousand of them, to form a body-guard that should make Boston what they are making Buffalo. They understand that they have got to reduce the rates of transportation, at least a little, or the Welland Canal will drain them dry, and they will do it, or they will stir heaven and earth. They don't mean to lose the trade. They will be in Congress, they will be everywhere; but they do mean to make Buffalo stand as a city to be built, to grow and prosper as long as those lakes last.

Where is the next point of competition? Chicago,—and the city and the commerce that can connect Ogdensburg and Lake Ontario, the lake at Buffalo and Chicago,—these four points will advance the commerce of this continent better

than any other city. We are to-day the equals of New York ; yes, their superiors. Boston stands to-day in point of position superior to New York, superior to Philadelphia or Baltimore. There is but one city on this continent that I can find on the map that stands to this whole North-west at a point where it may take all its commerce, and Boston is that city. If I could bring to-day Abbott Lawrence and Daniel Webster, from the dead and plant them here in this hall and let them speak to you, I think they would instil you with a love of country that would induce you to take this subject and treat it in a statesmanlike manner.

Now, how to reach these results, and how to keep them, that is the point. If you attempt to secure them, you will stir the whole continent. New York, Philadelphia, Baltimore and the interest of the whole commercial seaboard will be in opposition to you,—every one of them, from the moment you plant yourself in a position for the State to take the reins in their own hands. And you need to hold it with a stronger power than a lease. If you don't the stock will be sold, and they will come in and say, "Get out of the back-door you fellows ; we have bought this stock." "Oh, but we have a lease !" I don't care anything about your lease." So it will be, they will break it. They will break it, because you will find that two thousand millions of railroad property is on your backs. That is what they will do. So I say let Massachusetts to-day take up this commercial question and settle it. Can we get this right of way? Can we secure it and perpetuate it safely, fairly and honestly? Then how can we do it? Settle this question. It is immaterial whether your tunnel pays one or ten per cent., whether you pay one price or another for these roads. The great question lies down deeper. Can we accomplish these things, and place ourselves now and hereafter, for ages to come, in an impregnable position to bring business into our ports?

Now, in the first place, how can we place the ownership of the property? Can we trust this ownership in any individuals hands? No, sir. Why? The temptation is so great that men will sell that stock ; or, if they don't sell, death overtakes them and their executors sell it. Individuals die, but the State does not die. We must place the ownership of the

property in a position where it never can be changed or transferred, without the consent of the people in whose benefit it has been constructed. When you get that I think it will be a long time after you once receive the benefits of the system.

Now, then, who are to pay for it? The State, can it pay for it? Take the case of the Western Railroad. In 1867 the State of Massachusetts said it would loan its credit to the Albany road, provided a sinking-fund is established, and provided the company will accept an Act giving the State the right to purchase the property at any time by paying therefor the par value of the stock and seven per cent. interest. The State has, however, got this money all back. Now can the State safely take this property and advance this credit? If the State cannot safely do it, what party of men is strong enough to take it? There is no other way to make us commercially great.

Then we come to the next step, and that is, how can a State run a railroad? Well, now, gentlemen, the State cannot run a railroad; that proposition is just as plain as that two and two make four. I agree with Mr. Stark, and with all the gentlemen that have testified to that one point, that the State cannot run a railroad. But if the State cannot run a railroad, I will give them another fact, and that is, neither can the Lowell Railroad, as a corporation, run a railroad. That proposition is just as plain as the other. Neither can the 4,981 stockholders of the Boston and Albany corporation run that road. There is no corporation in the State that can run a railroad. They have got to come to the legislature and get their authority. They own the stock, but when they have got to that extent they then ask the legislature to delegate the authority. Why? They are so numerous they cannot do it. That is precisely what the State does. The 1,400,000 can do it just as well as the 4,981 can do it, and the proposition is exactly the same.

Then comes the next question. If a corporation cannot do it, and the State cannot do it, how can it be done? Now take the subject up step by step and you come to this point. I think it would be a good thing for the present members of this House, to go back and print the speeches of the Demo-

crats and Whigs in the early history of railroads, with regard to their organization. There could not be a better work done. You will find this to be the fact. The corporators were warned that the creature would become greater than the creator. Has it been realized? Yes; I speak it with all due solemnity. That \$3,500,000,000—that little power—is being wielded to-day by a dozen minds in this country to secure everything that they can ask. There is no limit to this terrible money-power. What shall we do with it? It is a grave question; it is the one of the great questions. What is to be done?

Now, I say, that in handling this question I found another thing that stared me in the face,—the regulation of this thing by law. There are four hundred empty cars passing Pittsfield daily on their way to Albany; four hundred out of five hundred return empty on their way to New York and the West. Because of what? "We cannot take your freight under tariff rates." Now, I say there is a thing that ought to be remedied by law. But when I attempted to make a remedy, I was laying the foundation for the repudiation of the whole property of the Boston and Albany road. I found I was laying the seeds of repudiation that frightened me, and I quit it and didn't dare to follow it out, and I abandoned it.

I go one step further. I found another fact, to wit: Here is \$400,000 of Massachusetts capital invested in yonder West. Where is it? It is making money; it is putting out bonds at low rates and making money out of it. They are issuing bonds at twenty-five cents on the dollar, and stock bonds at fifty, and borrowing money—\$3,000,000 at one time. All these bonds have been paid in full. Who paid it? Your coal has paid it. You may take to-day your New York Central, doubling over in the West, and what do you find? "We are all making money, we are getting rich." But, gentlemen, the end of all this lies outside of that. When four years ago, standing here in this place, I warned our railroad men then that they were on the eve of a terrible revolution to occur within the next ten years, you could hardly believe me. But it is coming faster than I supposed it would; the burning of corn for fuel tells the story. The commissioners come to the legislature and say: "Gentlemen, we are powerless; you must give us

the means of putting our hands upon these railroads." Our board of Massachusetts commissioners to-day, in evidence before you, say, "We are powerless." Does it amount to anything. It is God's truth, and every one of you know it. "We are powerless," to do what? "To make these roads do what we think they ought to do." They dare not come here and recommend to Massachusetts to pass special Acts of legislation. They dare not do it. I have urged against such legislation, and against meddling with them. It is dangerous for them, for the people and for capital itself. You can never shut the gate. Now, what is taking place. Money is being withdrawn, and to-day \$2,200,000,000 is coming to the East. A difficulty comes upon us; there is a tight money market at the West at the very time you want an easy market. Where is it? They say, "These Eastern men and foreigners are drawing the very vitals out of us," and they speak the truth. "Ten per cent. interest we cannot stand, and we won't." How long will Massachusetts stand it?

What is being done in Illinois? The farmers are forming themselves into clubs; and they say, carry your grain down to that depot, and if they don't take it we will go down and stand by you and foot the bills. They won't wait for the decision of the courts. Now, I say, gentlemen, this thing is spreading, and it is one of the things we have got to contend with and decide,—the rightful solution of the question how we can, as a State, and as a nation, institute some measure which shall remove these great evils from our midst.

REPORT

OF THE

FIFTEENTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

FEBRUARY 28, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

FIFTEENTH HEARING.

Mr. Morton.—Mr. Crane, please state to the Committee, first, why you make the combination of roads that is presented in your bill? Why you combine the Fitchburg, the Boston and Lowell, the Vermont and Massachusetts Central, Troy and Greenfield, Troy and Boston, and Vermont Southern?

Mr. Crane.—I make the combination for the purpose of securing the best financial results and the greatest good to the people of the Commonwealth?

Mr. Morton.—Why, in point of finance, do you put the Boston and Lowell road into this line?

Mr. Crane.—In the investigation which I had occasion to make of the property of that corporation in 1868 and in 1872, in making up the interest-account of ten per cent. from the time the money was first paid into that corporation down to and including 1868, I have had occasion to look at the outside property, and I find the following statement to be the result of my investigation, made up independent of any consolidation, and with no reference to agents, directors or employés. I find, first, the statement showing the ten per cent. account of the Boston and Lowell Railroad up to and including 1872:—

Statement showing the ten per cent. Interest-Account of the Boston and Lowell Railroad up to and including 1872.

By reference to the Report of the Commission on Cheap Travel of 1870 (page 84) it will be seen that the balance of ten per cent. interest over dividends due to this company in 1868 was \$1,683,761.87, or 77 + per cent. on \$2,169,000. Since 1868, and up to the close of 1872, this company has increased its capital to \$2,234,000. Since 1868 they have

divided eight per cent. per annum, and the balance of excess of interest over dividends now due to this company is 80 + per cent. on its capital at the close of 1872.

I find the Lowell property, by referring back to my minutes of the Lowell Railroad in 1868, four years ago, and taking what they have added since at a fair valuation,—if I was placed on a jury myself to render a verdict of what was justly due to that corporation, I should make the following report :—

Property owned by the Boston and Lowell Railroad in the city of Boston, bounded by Leverett, Brighton, Lowell, Minot and Nashua Streets, exclusive of passenger-station and tracks, is a fraction over seven (7) acres, equal to about 304,920 square feet, which is worth \$2.50 per square foot, amounting to, exclusive of buildings,	\$762,300 00
Twenty-two acres filled at East Cambridge, 958,-	
320 sq. ft., worth \$1 per sq. ft., amounts to	958,320 00
Eight acres of flats at East Cambridge, 348,480	
sq. ft., worth 65 cts. per sq. ft., amounts to	226,512 00
Eight acres filled at the Mystic River, 348,480	
sq. ft., worth \$1.25 per sq. ft., amounts to	435,600 00
Twenty-four acres, 1,045,440 sq. ft., of flats in the Mystic River, worth 25 cents per sq. ft., amounts to	161,360 00
Stock in the Lowell and Lawrence, Salem and Lowell roads, worth at the present time .	350,000 00
Stock in the Lexington Branch, and connections, worth	300,000 00
Mystic River R. R., $2\frac{1}{2}$ miles, worth . . .	150,000 00
Woburn Branch, 3 miles, with a large amount of real estate connected with it, worth . . .	250,000 00
Stoneham Branch, $3\frac{1}{2}$ miles,	75,000 00

Recapitulation.

Property in Boston, as above,	\$762,300 00
East Cambridge (filled),	958,320 00
East Cambridge (flats),	226,512 00
Mystic River (filled),	435,600 00
Mystic River (flats),	161,360 00
Lowell and Lawrence, Salem and Lowell stock,	350,000 00

Lexington Branch and connections,	. . . \$300,000 00
Mystic River Railroad,	150,000 00
Woburn Branch and real estate,	250,000 00
Stoneham Branch,	75,000 00
<hr/>	
Total,	\$3,669,092 00

Of the property in Boston, exclusive of the passenger station and other buildings, the road has property more than they need, worth \$700,000, which should be sold, and the people should not be obliged to pay eight per cent. upon it. So also with relation to the property in East Cambridge; if used for storage purposes it should be charged for, and not go into the cost of rates on the railroad charged to the patrons. The various branches which I have enumerated are worth all that they have cost. That then would leave, selling off that property outside the line from Boston to Lowell, the capital stock and bonded debt reduced by this \$3,669,092, and would make the cheapest and best lines of road, to pay ten per cent. upon its remaining capital and debt, that there is in the State of Massachusetts. It would enable them to charge but one and one-half cents per mile for passenger travel, and reduce the rate two cents per mile; and as a financial question, there cannot be but one side to it.

When investigating that subject in 1868, taking into account the Lowell charter and the difficulties that would attend any attempt to take the property, it was thought best to provide that the giving up of the property should be voluntary, and it is thought that the price, \$170, will be a sufficient guarantee to insure that result; while the premium which it will give to the stockholders will not at all trouble the State. Then too the Lowell road has all these terminal facilities, which are very essential to the line, and of which the Fitchburg has very little.

Mr. Morton.—You put that road in because it is cheap property. In the second place it is one of the best guarantees of profit, and in the third place it affords terminal facilities for transportation and freight. In the fourth place it would furnish cheaper transportation than we now have.

Mr. Crane.—Yes, sir, it benefits both lines and treats them with the utmost liberality.

The Chairman.—You go on the supposition that we buy property, but do not take it?

Mr. Crane.—Yes, sir. We propose to fix the price in this bill at \$170 per share and then the holders will voluntarily surrender their stock. I will say here that, after having made up that bill and fixed this value at \$170, I went down to Gen. Stark and read the bill to him before I printed it, and asked him this question: "Mr. Stark, at the price of \$170 (your stock is now selling at \$135), do you think it would be for the interest, and would you as president of this corporation, recommend to your stockholders, to take it; to transfer their stock and take their money?" He said, "I have no doubt about it. It will make them a price that will be entirely satisfactory, and so far as my influence is concerned I should advise them to take it."

Mr. Morton.—You believed they would sell their stock at such a large premium, and if they did not take it another road could be laid right alongside of theirs?

Mr. Crane.—No, sir, that is not my motive; I had no idea of forcing the matter. I would make it a financial necessity for them, and a financial benefit to the people. If they don't see fit to take it, then one result will follow just as surely as the force of gravitation. If the Fitchburg accept the proposition made by the Lowell, the Lowell road will be placed in such a position that they cannot keep up their eight per cent. dividends unless they sell this property. They have already been obliged, in order to keep up their dividends on their enormous property, to tax the people of Lowell to the utmost extent their patience will allow and even beyond it. They are now seeking a connection with Boston by the Boston and Maine. It is all right while the dividends last, but let them be reduced to $2\frac{1}{2}$ per cent. and the present managers will find for once eight hundred stockholders at the annual meeting. As long as they pay good dividends four or five stockholders will be all that will be present. Adversity brings the stockholders out; prosperity keeps them at home.

Mr. Chairman.—You take the position that the tunnel line will ruin their Northern business?

Mr. Crane.—No, sir; their Northern business don't amount to a pinch of snuff; that whole Northern line is entirely supported by other business.

The Chairman.—Your position then is that consolidation is their only salvation?

Mr. Crane.—It is their only salvation; the best for the public interest and for all concerned.

Now, why do I take the Fitchburg? I will introduce the following ten per cent. statement:—

Statement showing ten per cent. Interest-Account of Fitchburg Railroad up to and including 1872.

It will be shown by Report of Commission on Cheap Travel of 1870, that the balance of ten per cent. interest over dividends due in 1868 was \$3,241,338.22, or 91 + per cent. of the capital (\$3,540,000). (Report, page 68.)

Since 1868 the capital has been increased to \$4,000,000, and the company has divided eight per cent.; so that the excess of interest over dividends due to this company at the end of 1872 is 88 + per cent.

It is in evidence before the Committee that over \$1,000,000 of the earnings of this road has been applied to construction account.

Had this sum been applied to dividends we should now have the right to take the road at sixty-four per cent. instead of seventy per cent. proposed in this bill.

Had the Fitchburg road applied that money to dividends it would have lessened their interest account, and the State would to-day have the right to take the road by paying sixty-four per cent. instead of seventy per cent.

Mr. Morton.—Will you explain why you include the Massachusetts Central in this line?

Mr. Crane.—I take the Massachusetts Central for this reason. The public exigency of the case requires it. There is a section of country there that it is necessary to accommodate. It is useful to the State and to the public, and the interests of the State will be developed by it. They have clubbed to-

gether and taken the stock and have been at work economically, carefully and prudently to raise their money and build their line of road, and I think they ought to be expected to connect with the tunnel. You need the line also to divide the business on the tunnel line when it is in operation. I think it is better to take that road and make an integral part of the whole line rather than to leave it to dry up. I would, on a general principle, extend railroads, not to see how far we can build, but extend them as beneficent institutions over our whole State, and let the stronger help the weaker, and not have all the time the stronger suck the vitals out of them.

The Chairman.—Guaranteeing that the business would be sufficient for four tracks, you would prefer to have it done over two double-track roads than over one line with four tracks?

Mr. Crane.—Yes, sir.

Mr. Morton.—Will you state what guarantees the State will have in this matter?

Mr. Crane.—If you will read the bill, this Trust Company is authorized to take, lease or subscribe to the capital stock of any line of railroad whose line forms a part of a continuous line to Lake Ontario or across the continent. The State has the guarantee, first by lease, then by actual ownership in a corporate company that cannot be sold without the consent of this Trust Company; and you have all the guarantees you can possibly have, except one, and that is better than all the rest. It is this sinking fund for which the bill provides.

Mr. Morton.—Will you give to the Committee a statement of the lines and branches which you propose to include in this line; and what the value of their business is at the present time, and what the estimates are for the future.

Mr. Crane.—With the permission of the Committee I will submit the following statement:—

NAME OF ROAD.	LENGTH IN MILES.		Amount to be paid for Road.	Debt of Road.	Actual Earnings in 1872.	Estimated Earnings of Main Line at \$30,000 per mile.	ESTIMATED EARNINGS OF BRANCHES.	
	Main Line.	Branches.					Per Mile.	Total.
Fitchburg,	50*	43.32	\$6,800,000 00	No debt.	\$1,350,289 35	\$1,500,000 00	\$5,000 00	\$216,600 00
Lowell,	-	42.75	3,797,800 00	\$2,388,727 91	1,293,969 67	-	-	1,293,969 67
Vermont & Massachu- setts,	56†	33.11	3,146,000 00	968,899 00	557,196 58	1,680,000 00	5,000 00	165,550 00
Massachusetts Central, Troy & Greenfield, .	-	104.5	4,500,000 00	-	-	-	5,000 00	522,500 00
Tunnel,	38.77†	-	7,000,000 00	-	-	1,485,300 00	-	-
Vermont Southern, .	4.74†	-		-	-	-	-	-
Troy and Boston, .	6†	-	1,500,000 00	1,899,000 00	1871. 487,739 25	566,700 00	10,000 00	160,200 00
Atlantic and Ontario, .	18.89†	16.02	9,000,000 00	-	-	5,041,500 00	-	-
Boston and Henderson Harbor,	78.75*	-		-	-	240,000 00	-	-
Boonville and Port On- tario,	41.37*	-		-	-	-	-	-
Wharves and wareh'ses,	48*	-	3,000,000 00	-	-	-	-	-
Totals,	342.52	239.70	\$38,743,800 00	\$5,256,626 91	\$3,689,194 85	\$10,513,500 00	-	\$2,358,819 67

* Double.

† Single.

Expended in purchase of roads,	\$38,743,800 00
Sinking Fund given to the State,	9,000,000 00
Completion and equipment of the line and for discharging claims thereon,	6,256,200 00
	<hr/>
	\$54,000,000 00
Earnings of main line,	\$10,513,500 00
Earnings of branches,	2,358,819 67
	<hr/>
Gross Earnings,	\$12,872,319 67
Less 70 per cent. for working expenses,	9,010,623 77
	<hr/>
Balance,	\$3,861,695 90
Less 6 per cent. on \$54,000,000 capital,	3,240,000 00
	<hr/>
Net,	\$621,695 90

ADDRESS OF EDWARD ATKINSON, ESQ.

Mr. Edward Atkinson appeared for a number of citizens, who remonstrate against the attempt being made on the State in its corporate capacity, to enter upon the further construction of or ownership in any railroad, and made the following address:—

Mr. Chairman and Gentlemen of the Railroad Committee:
—It has only become apparent within a short time that the proposition for the State to enter deeply into the business of building, owning and operating railroads, beyond the completion of the Hoosac Tunnel, would be seriously advocated by any gentlemen whose views are entitled to respectful consideration, and the business community have lately been suddenly called upon to meet this proposition, enforced as it has been with the urgency of theoretic enthusiasm, and backed up by the arguments of those who have evidently been long preparing to urge this solution of the tunnel question.

Taken thus unaware, little time has been given for organized opposition to so dangerous a measure, and no sufficient time has elapsed since the discussion began for the collation of facts and for the preparation of arguments based upon the experience of other nations; which experience we believe

would entirely deprive the *ex parte* argument of the railroad commissioner of its force, if duly considered.

A few gentlemen who have very profound convictions in regard to this matter, have signed a remonstrance against this unwarranted extension of the functions of the State, and their memorial is now before you in the following form :—

To the Honorable the Senate and House of Representatives in General Court assembled.

The undersigned citizens and tax-payers of Massachusetts respectfully remonstrate against the attempt being made on the part of the State in its corporate capacity, to enter upon the further construction of any railroad beyond what is absolutely needed for the completion of the Hoosac Tunnel as now planned and in process of construction.

Also, against any attempt being made on the part of the State in its corporate capacity to buy any railroad, except it may become necessary to do so, in whole or in part, under a foreclosure of any bonds now held by the State.

Also, against any attempt being made on the part of the State in its corporate capacity, to equip or to operate any railroad whatsoever.

Respectfully submitted.

EDWARD ATKINSON.	EDWARD AUSTIN.
WM. AMORY.	GEO. B. UPTON.
LEE, HIGGINSON & Co.	JAS. L. LITTLE.
A. E. HILDRETH.	J. INGERSOLL BOWDITCH.
GEO. B. CHASE.	JOHN AMORY LOWELL.
FRED W. BRADLEE.	WM. CARLETON.
WM. ENDICOTT, JR.	W. E. CARLETON.
BENJ. F. BROOKS.	E. W. ARNOLD.
HENRY SALTONSTALL.	L. F. WHITNEY.
T. QUINCY BROWNE.	FRIEND TILDEN.
GEO. TYLER BIGELOW.	O. J. FAXON.
S. W. SWETT.	T. C. FAXON.

I think I need only to ask you to consider the amount of business experience, legal attainments and admitted good judgment which these names, other than my own, represent, to secure for their remonstrance your most serious consideration. No effort has been made to get many names. In behalf of the remonstrants I beg leave to present the following argument :—

1st. The building or operation of a railroad by the State in its corporate capacity is, in the nature of the case, a question of taxation. In order to provide funds for such work, the money must be raised either by immediate taxation or by the issue of bonds bearing interest, and for such interest at least money must be raised by taxation during the construction and early use of the road; and if the enterprise is not commercially successful, money must be raised by taxation for the payment of the principal.

The right of the State to levy taxes for the purpose of building and operating railroads may be contested, and has not yet been affirmed in this State by a court of competent jurisdiction. It is a question of an entirely distinct character from that of lending aid to a railroad corporation, by whom security may be given for the repayment of bonds, both principal and interest; since, if due precautions are used in granting such aid, the Acts may come under the provision of the constitution, which permits the legislature to make "reasonable laws," and no taxation may be involved in them.

But an Act for the construction, equipment, and operation of a railroad must be "reasonable" within the constitutional limitations as to levying taxes; and those provisions are that taxes may only be levied "to be issued and disposed of by warrant, under the hand of the governor of the Commonwealth for the time being, with the advice and consent of the council, for the public *service*, in the necessary defence and support of the government of the said Commonwealth, and the protection and preservation of the subjects thereof, according to such acts as are or shall be in force within the same."

It is held that if any tax levied for the purpose of building and operating a railroad is warranted at all, under the foregoing limitation imposed by the constitution, such warrant must be found in the word *service*, and cannot be found in any other word or phrase.

It is assumed that it will be admitted that a service such as is contemplated in our organic law must be general and common, not limited and partial; and it is only necessary to refer to the common argument used in the attempt to promote a state line of railroad for communication with the West, "that

it will benefit the commerce of Boston" to prove that the service now sought is a very limited and partial one.

Of what general or common service can a railroad be to the people of the State who are distant therefrom, when its main object is avowed to be to bring produce into the State,—not for distribution therein, not to supply the wants of its people as consumers, but in order that such produce may be carried through the State and shipped beyond the seas to the benefit, doubtless, of the people of distant lands, but only to the benefit of a class in this State who are engaged in the exchange of products. The only possible effect of success in this would be to cheapen in an artificial manner, at the cost of Massachusetts, the manufactures of England, France and Belgium. Such an Act ought to be entitled, "*An Act for the oppression of home-labor, and for the protection of foreign manufactures.*"

Where I am known at all I am known as an advocate of free exchange, but I protest against being taxed for the construction and support of the state railroad to get the produce of other States out of the country, and then being taxed again on the goods that come in in exchange for such products.

The service of a state railroad of this sort would not only fail to be a common service, but it might well be held that to impose state taxes on towns very distant from such a state railroad would work injury to the people therein, even while possibly doing service elsewhere.

But without further argument upon the possible legal barriers to the proposed action of the State, which I have adverted to simply to indicate the nature of the act, it is sufficient for our present purpose to say that the issue has been raised in regard to the right of a city corporation in Maine to construct a railroad, and that the general question may soon be carried to the supreme court of the United States in such manner as more clearly to settle a general principle. Even the construction of a railroad by towns and cities at their special cost, and for the common benefit of all their citizens might be allowed, and yet the same act by a State be held unlawful, because of necessity, unless the State absorbs the whole railroad system, its special lines must be for special service, but at the common cost.

To the uninstructed mind it would seem that acts should not be made legal through precedents which are in the nature of the case *un-law-full*,—that is, not full of justice, right, and equity ; but, as I said before, I am not competent to discuss the question legally, and I only state facts as to the issue raised elsewhere, and for the sole purpose of opening my main argument.

Second. Your remonstrants protest against the proposed extension of the function of the State upon the distinct ground that even if the thing is lawful to be done, the state corporation is, in the very nature of the case, unfit to do the work well. In proof of this it is only necessary to refer to the railroad which has been built in whole or in part by the State, whether lawfully or not, as it may appear in the future, on this side the Hoosac Tunnel.

This piece of state railroad has been built under the control and direction of governors and councils of as high character and of as good capacity as any we can hope to elect in the future ; yet it has been described by one of the most active advocates of further state construction as being "so crooked, so wrongly placed, and so badly constructed that it seemed as if the engineer in charge had been making a job for his successor to undo." Surely a most significant piece of evidence as to the utter unfitness of the state corporation to do railroad work.

Regarding the question again as one of taxation, each man has a right to consider the taxes which he has paid toward the construction of the railroad above described, and to the Hoosac Tunnel itself, and also the taxes which he must inevitably pay if the State buys out, completes and equips the so-called tunnel line, as so many forced subscriptions to a railroad enterprise to which he would not have contributed voluntarily, and which may be a positive injury to him or his business.

Each man thus forced by an unjust and unequal statute of doubtful validity, to enter into a business not freely chosen by him, may also affirm that the very men who have forced this subscription from his pocket, had they themselves been voluntary subscribers to a railroad for an equal sum, would have scouted the very idea of putting the money into the

charge of any state executive, or legislative body ever chosen, to be by them expended in the construction of a railroad.

Let it also be considered that a step to be taken coincident with the construction of the railroad itself, is the establishment of works for the construction of not less than 150 locomotives and 2,000 cars, alleged to be needed at once by the promoters of the job for doing the work upon the line, and the unfitness of the State for such a job must be obvious.

Your remonstrants may, without argument, challenge a single advocate of this "experiment" proposed to be tried, in part at their expense, to affirm and prove that such work is likely to be done cheaply, effectively, or even honestly, by the state corporations; and they may also challenge a denial of their allegation that such an experiment might lead to the most gross political malfeasance that would sap the very foundations of public integrity.

Moreover, the end would not be reached when the cars and engines were completed. Even at the present cost of transportation over existing railroads, now said to be so exorbitant, produce has of late accumulated in Boston faster than it can be removed, and unless the State, after it has organized its line, obtained its terminal facilities and prepared to do its work of cheap transportation, shall then proceed to build elevators and to organize commerce, who will do it? Is it to be supposed that private capital will be eagerly invested in any branch of transportation when the heavy hand of the State has just forcibly excluded it from one branch of the business for fear it might reap over six per cent. profit?

But, gentlemen, are you sure of the fact that the demand for greater railroad facilities from the *Hudson River* will be so urgent as to assure even the interest on the proposed investment? Whence is the business to come? As things now are, merchandise has of late accumulated here faster than it could be removed. The Boston, Hartford and Erie Railroad is about to be completed and may add to the accumulation. I have an impression that the State as a corporation has some property in that line and now it is proposed to add another to be worked at an artificially low cost, in which if you succeed you will delay the time when the money sunk in the Hartford and Erie can be recovered.

And when the three roads, the Boston and Albany, Hartford and Erie and tunnel line have thus been equipped and are ready to operate, what may be the result of your operations if good harvests in Europe should so reduce the export demand for produce that not enough offered for all the roads that will then be competing in the State and elsewhere?

Bear in mind that even your one Boston and Albany road brings into the State six times as many tons of merchandise as it carries out, and that train after train of empty cars must even now be moved out of the State.

I know it is heresy to doubt that there is a great flood of business ready to pour through this tunnel, but so long as it ends at the Hudson River I cannot see the signs of it. If the traffic is there and promises such profit that the State must intervene and keep down the price of its transportation, why is there not a little army of railroad capitalists eagerly seeking to buy the tunnel and eagerly bidding more than its cost? Millions on millions of capital have gone out of the State into distant railroads; millions on millions more have given the State itself more miles of railroad in proportion to its area and to its population than any other State yet enjoys.

More than France, which has one mile of railroad to twenty-six square miles; more than Great Britain, which has one mile of railroad to eight square miles; more than England, which has one mile of railroad to six square miles. We have in Massachusetts one mile of railroad to four and seven-tenths square miles, yet not a single million ever went into the tunnel except that forced from the pockets of the people by due process of tax-laws.

The reason is plain; it is evident that no railroad man who knows his business can honestly say that the tunnel will for years to come pay interest on its cost. Hence as I said before, it must be *tax!* TAX! TAX! to the end of the chapter.

But it is said we are in for some twelve or fifteen millions, and we must go in twenty or thirty more to get that back. Well, gentlemen, when the tunnel was first proposed we were to get it for two or three millions, and it has cost about fivefold. We are now promised the through line at an additional cost of fifteen or twenty, but who can warrant us that

four or five fold that sum may not be called for before the end.

Are we to enter upon the closer competition in manufacturing on which our State depends,—and by manufacturing I do not mean mere textiles, but all our great variety,—are we to maintain and increase our manufactures if we are forced into competition with Illinois, for instance, third of the States in population and in wealth, now *free from debt*; with Iowa, now *free from debt*; with Indiana, *almost free from debt*; with Kentucky, which has now more money in its treasury than the amount of its debt, but cannot pay because the holders of its bonds refuse the money not yet due; or even with Tennessee, which even now sends the spokes and felloes and other wood-work of our wagons and carts to New England, all shaped and ready for the finish. I say can we compete if we are handicapped with a burden, the magnitude of which no man can tell? A debt imposed on the pretence that cheap bread for our own people may be promoted by facilitating the transportation through our State of great masses of food that only leaves the car to pass on board the ship that will carry it away from us.

I have had many years' experience in manufacturing, and of all the causes of ill success a heavy debt has been the most potent; and there is no different rule for the State; those Western States, underlain with coal and iron, furnished with *power* such as we have not, and rapidly filling up with a dense population, will put us upon our muscle if we keep in our best estate; but load us down with taxes imposed for the support of unprofitable railroads and we may well fear the future.

I am no croaker; I fear not in the least for Massachusetts, still less for Boston, now growing even too fast for the comfort and welfare of those who cannot pay high rents, if artificial burdens imposed by unwise legislation do not enhance the difficulty of our position, and increase our disadvantage of distance from our markets.

Especially have I no fear for our future when the trade of which Boston is the natural centre, that of the British Provinces, is allowed to come here.

But I do fear, when by one statute we place a barrier equal to 2,000 miles where the Almighty only put 300 to 500 miles

of real distance; and with another statuté it is proposed to overcome the 2,000 miles of real distance by an artificial cheapening of the cost of transportation on 200 miles of railroad that constitutes a part of it, the rest of the way not being by any possibility under our control.

But says Mr. Adams, "What is to prevent the State of Massachusetts from organizing its board of trustees into a corporation to own, lease and hire roads outside the limits of the State and hold them in trust for the Commonwealth? With that I sweep one more piece of rubbish out of this case."

Well, gentlemen, I won't compare Mr. Adams with his little sweep to that celebrated old lady who tried to stop the tide with her broom, but I respectfully ask him what would prevent the State of New York, for instance, from adopting state ownership, as she surely would if in our experiment we did not burn our fingers, and sweeping him and his board of trustees down the Hudson River?

I admire our old Commonwealth too much to tempt others to shoot over or round her as the duellist threatened little Rhody, by considering such crude devices; they are preposterous and unfit to be thought of.

But it is said we must own and operate a portion of our railroads in order to control the rest and prevent our State coming under the control of great consolidated corporations. The rest of our railroads only averaged 7 per cent. dividends last year and even including the alleged watering, their capital and debt does not cover their cost. Well, gentlemen, has any private railroad corporation ever exerted such a malign influence as the Hoosac Tunnel? Will the State through line be less perverting in its influence than the part has been? Has any railroad influence ever been as bad in New York as the corruption which has ensued from the state canal management, which preceded and led directly to the railroad corruptions?

Your remonstrants have not failed to take cognizance of the evils arising from the increasing power of railroad corporations, and they fully admit that some remedy must be found, but they deny that it can be found by creating a railroad power inside the state corporation,—a part of it, yet inconsistent with its proper functions,—and they respectfully

urge that the evil which will come from such a source will not differ from that exercised by private corporations except in being more pernicious.

Your remonstrants would point out that while the alleged evils have come from the influence exerted by great consolidated lines over state governments, the benefit now expected from the proposed consolidation under the state corporation has actually been realized by railroad corporations at they now exist; to wit, a great reduction in the cost of and the charge made for the work of transportation upon railroads.

In proof of this assertion it is to be observed that although there has been a great advance in the cost of all that enters into the construction, equipment and operating of railroads, said to be sixty to eighty per cent. since the passage of the Legal Tender Act in 1861, the general charge for transportation to the community has not been increased, and on many lines of railroad it has been greatly diminished. There is no single large element in the cost of subsistence in Massachusetts that has been kept so near the specie price of 1860, as the price of railway service.

Even the much abused Boston and Albany Railroad carried merchandise in 1872 at an average charge of $2\frac{16}{1000}$ cents per ton per mile against $2\frac{34}{1000}$ cents per ton on the Western Railroad in 1859, and the average charge on grain from Chicago to Boston is now about $1\frac{20}{100}$ cents per ton per mile.

On the Connecticut River Railroad the statement of 1860 shows:—

Average receipts per passenger carried one mile,	7.3 cts.
“ “ per ton of freight “ “	5.4 “
Operating expenses per mile run, . . .	73.6 “
Net earnings per mile run,	78.7 “

In 1872 the exhibit is:—

Average receipts per passenger carried one mile,	2.9 cts.
“ “ per ton of freight “ “	3.7 “
Operating expenses per mile run, . . .	147.5 “
Net earnings per mile run,	78.8 “

A comparison of these items shows that the operating expenses have doubled but the charge for service is 12 per cent. less on passengers and nearly 32 per cent. less on merchandise. The secret lies in gross receipts having been more than tripled, and in this as in all commerce the true rule has been found in doing a large business at a small profit.

It seems almost as if many men had become dazed by a vision of future possibilities; and impatient at what appears to be slow progress; they would rush into a dangerous and unfit state "experiment," at a cost of very many millions, in utter disregard of what has been accomplished by private enterprise in the last few years or in a single generation in which our railroad mileage has increased from 9,000 miles in 1850 to 67,000 in 1872, and the gross receipts have risen from \$40,000,000 in 1851 to \$480,000,000 in 1872.

Your remonstrants urge upon your consideration that the sum required for the construction of railroads in the United States during the single year 1872 was very nearly, if not quite, equal to the entire capital of all the cotton-factories in the country, and this sum has been to a large extent expended for the construction of through lines from the seaboard to the Western prairies, with which the proposed state tunnel line must come into competition; and your remonstrants believe that to meet the close competition of those lines the thing needed is the power and skill of well-paid railway officials, who must be sought and found under the same stimulus of prospective gain that causes them to be placed in charge under railway management as ordinarily conducted; and your remonstrants do not believe they can be placed in charge of the proposed state railroad by any method yet adopted, or likely to be adopted, for the choice of state officials.

Besides the old lines with which it is proposed that the state line shall compete, and whose freight charges it is expected to reduce, may be named the Portland and Ogdensburg, the Boston, Hartford and Erie, the Midland of New York, the West Bank of the Hudson line in New York, and the Chesapeake and Ohio, now just opened.

Your remonstrants might perhaps doubt whether rival lines need have much to fear from the competition of the proposed state line, even if its charges are strictly limited to the cost of

operating and six per cent. upon the final cost of its construction, if the cost of the Hoosac Tunnel and of the existing state railroads are to be taken as the probable criterion of the entire cost of the whole line.

But let us suppose the experiment a success, is it necessary, and may it not retard the attainment of the object aimed at?

Are there not other and higher laws, leading steadily, surely, and as rapidly as is profitable to the public, toward the same end?

The law of competition is deep and searching, and it works in the nature of things and of the human mind to an ultimate harmony of interests.

It is not the competition of railroad with railroad that alone fixes the price of railway service, although, of course, such competition has great influence over the rates. It is the competition of product with like product in the great market whence the distribution for final consumption is had, that also exerts a controlling influence over the price of transportation. Let us take a cargo of wheat at the port of London, where the price is to be determined by the supply coming from English farms, from Russia, and from the Danube, and see what constitutes the cost of the production or *leading forth* of the wheat from the prairie soil of the West to that port. This cost consists of—

First, the labor of the farmer; *second*, the service of the railroad; *third*, the business sagacity and work of the merchant; *fourth*, the ocean freight upon the steamer.

All these services enter into the cost of the wheat in London, and in order that the sale of the wheat may there be possible in competition with the world, there must have been substantial *coöperation* on the part of the farmer, the railroad corporation, the merchant, and the owner of the steamship. Now, although there might be but one railroad from the West, and one line of steamships to London, they could by no means charge any rate of transportation they pleased, because a charge that should carry the cost of the wheat in London above that of other wheat would stop the traffic entirely.

Of course in this assumed case of single lines there might not be as fair a division of the price between the farmer and

merchant on the one part, and the railroad and steamship on the other, as where competing lines of transportation sought the business, but that would not concern the consumers much ; but even here a hidden law of competition comes in. A business once established may be lost from unforeseen causes, and hence, even on single lines of railroad there is a constant, if not an urgent, tendency to increase the traffic by decreasing the cost and the price of transportation.

Witness, again, the Boston and Albany Railroad, which comes the nearest of any line in the State to being a monopoly, and yet continually increases its traffic and diminishes its relative charge for its service.

I beg you not to think I am a great admirer of this corporation. I have had many a controversy with its officers, and I am now looking forward with the greatest interest to the construction of a competing line to Indian Orchard, upon which I may do the business of the factory there situated and under my charge.

I own no railroad stock and am the special advocate of no corporation, but I am willing to take the worst example to enforce my principle, and I suppose I have done so in instancing the Boston and Albany Railroad.

I do not wish to injure this argument by importing any free-trade heresy into it, but I think all, both protectionists and free-traders are so well agreed upon the expediency of reciprocity in trade with the British provinces, that I may take an illustration from there, it being well understood that I commit none of the other remonstrants on whose behalf I appear, upon this point.

Let me ask you to consider what would be the effect of free-trade in coal, barley, oats, potatoes and other like bulky articles, upon the railroads bringing similar articles into Boston from distant mines and farms in our own country. Would they not at once reduce the charge for transportation to the lowest possible point in order that the competition of product with product in the Boston market might still go on? Is not the effect of the duties on these common and bulky articles, rather to enable the railroads to maintain high rates of transportation, or to force the transportation of like articles from more distant points,—than to give any additional

profit or any protection to our own mines and farmers? Is the price of coal affected in any appreciable degree in Pennsylvania by the duty on Nova Scotia coal? Nay, rather, is not the only effect of that duty to strengthen one of the very railroad monopolies of which complaint is made, and to enable the Reading Railroad and other transportation companies to secure higher rates, and thus to oppress both producer and consumer? Is not the true method of reform in this as in many other matters, the repeal of meddlesome restrictions on trade rather than to enter upon a costly experiment, which may cripple us with heavy and useless additional taxes?

I have said that rival railroads need not fear state competition if the state line operated on true commercial principles and not as a disguised charity, or enlarged and extended soup-kitchen.

I do not think the owners of cotton-mills would have any fear of the competition of a state cotton factory, if they were assured that the State would never, or not habitually sell its goods at less than cost, including interest on the capital; yet the operation of a factory is much less complex, and far more a matter of simple rules than the operation of a railroad.

The thing to be dreaded is state competition at less than the actual cost of the service, giving a treacherous appearance of benefit, which conceals a grave injury,—like injudicious almsgiving, emasculating a community. If the State sells railway service at less than cost, one of two results must inevitably come; the State must take, own and operate the whole state system of railroads, or it must own all the railroad tracks and stations, and open them to the common use of all who choose to run trains over them.

That the State can operate any or all railroads, and perform the service even as well as the separate corporations now perform it,—admitting that the latter are far from doing all they can do, or will do in the future,—I think no man of sound judgment believes.

That railroad tracks may some time be more of the nature of highways or common ways is possible, and how to make them of more common use and common service is a problem to be considered, and one that will be solved when the rail-

road system has passed beyond its infancy in point of time. To attempt a premature and empirical solution of this great problem would surely perpetuate the very evils of which complaint is now made, and this problem ought not to be encumbered with, and at the cost of a twenty or thirty million dollars experiment, the result of which is doubted even by those who advocate it.

The power to take land for railway uses and to grant its use to corporations, was not exhausted by one taking nor has the State parted with its control over the use. It may still take action in such regard without of necessity buying the roadways or operating the roads, and hence without the need of taxation. It may take *again* from one railroad corporation the land more needed for the public service upon or at the end of another line, or it may abate dangerous grade-crossings and compel river-crossings upon one bridge rather than many. Whether it will exert such power or not is a pure question of expediency, mainly depending upon the disposition of parties to whom limited grants have been made, as to whether or not they will make the best use of such grants in the general service. But we must pass to the general argument.

Your remonstrants observe frequent reference to the fact that corn is burned for fuel in some distant parts of the West; but it should be borne in mind that the settlers who find it cheaper to burn corn worth only \$3 to \$5 per ton rather than to transport coal or wood, are chiefly those who live upon lines of railroad, the construction of which has been mainly induced by large grants of land from the general government; and it might perhaps be held that had not the government thus caused a premature and artificial diffusion of population, such an apparent if not real waste might not have occurred.

Your remonstrants further urge the consideration that the construction of railroads tends to withdraw capital from other useful enterprises, and that while no impediment ought to be placed in the way of private capitalists, who wish to construct the tunnel line or any other prospectively profitable line, yet to force capital from the pockets of the people into a railroad line of uncertain profit by means of taxation, may seriously

impair the prosperity or cripple other enterprises of even greater utility.

The examples of France and Belgium are cited in support of the twenty or thirty millions experiment now proposed; we respectfully ask that the different character of the people be considered, and the method of appointment to place and position in those countries; and we also affirm, that if the cost of transportation in Belgium be compared with other elements of the cost of production and subsistence, and especially with the prevailing rates of wages there, it may be found to be relatively higher rather than lower than the average rate of transportation in this country as compared with other charges here, but we have not had time to fully verify this point of which we are practically certain.

In regard to Belgium your remonstrants beg to refer to the constant system of pilfering from baggage which has prevailed there under the state system, as proved by the constant complaints in the "London Times," and which does not exist elsewhere in Europe and is almost unheard of in this country.

Perhaps no criterion could be found more fit to gauge the relative cost of railway transportation, as it affects the cost of subsistence and production, than by comparing the price per ton per mile of third and fourth class freight in Belgium and Massachusetts, with the rates of wages of common laborers and in mechanical employments.

In Belgium the prices of transportation in the year 1867, as stated in an English Parliamentary Report were as follows, rating the penny at two cents gold:—

				Per Mile.
Express passengers,	.	.	First class,	. 3.10
"	"	.	Second class,	. 2.32
Ordinary passengers,	.	.	First class,	. 2.46
"	"	.	Second class,	. 1.86
"	"	.	Third class,	. 1.25
No baggage allowed free except hand-bags.				
Merchandise,	.	.	First class,	. 2.40
"	.	.	Second class,	. 2.32

	Per Mile.
Merchandise, Third class, , .	1.78
" Fourth class,* .	1.24

"The above rates on merchandise are in addition to a uniform charge of twenty-six cents per ton on all classes; also for loading and unloading twenty cents per ton, and if collected and delivered sixty cents per ton."

In France the charges as stated in the same report are somewhat higher.

Wages in Antwerp as stated in the English Parliamentary Report on the condition of labor in other countries, 1870.

Masons, per day,	(gold)	60 cents.
Masons' helpers,	"	40 "
Carpenters,	"	60 "
Blacksmiths,	"	70 "
Upholsterers,	"	80 "
Stone-cutters,	"	60 "
Painters,	"	65 "
Laborers in breweries, rice mills, sugar refineries and the like,		55 to 60 cents.
Bricklayers,		55 to 60 "
Workmen's board and lodging in Antwerp per week,		\$1.75 to \$2.00

Railway charges in Massachusetts as stated by the Commissioners.

First-class passengers per mile,	(currency)	-
Second-class passengers per mile,	"	-
Average of all,		2.426 cents.
All freight—average of 1st, 2d, 3d and 4th,		2.81 cents.

Wages in Massachusetts.

Common laborers per day. \$1.50 to \$2.25—say \$1.75.	
Masons,	\$3.00 to \$4.00
Helpers,	2.00 to 2.50

* The fourth class includes coal, except that carried on special contract for export.

Bricklayers,	\$3 00 to \$3 50
Carpenters,	2 50 to 3 50
Blacksmiths,	2 50 to 3 00
Common laborers in breweries, sugar refineries and other works,	1 75 to 2 25
Men's board and lodging per week,	3 50 to 5 00

The ratio of the charge for transporting merchandise of third and fourth class per mile, disregarding all the extra charges named, to the average wages of the laborers named in the Belgium list is, \$1.51 to about 62 cents; of second and third class, ordinary passengers, \$1.56 to about 62 cents.

In Massachusetts the ratio of the rate of charge on all merchandise, first to fourth inclusive, to the average wages of the laborers named is, \$2.81 to about \$2.75 or \$3.00; on first and second class passengers, \$2.43 to about \$2.75 or \$3.00.

I have intentionally excluded first class and express passengers and first and second class merchandise in Belgium, from the computation and comparison, in order that no exception may be taken to its fairness.

In the limited time allowed I have not had time or data to make these comparisons absolute in all respects, but I think the inference may be considered as fairly proved, that the cost of railway transportation is higher in Belgium in proportion to the general cost of wages of other productions and of subsistence, than it is in Massachusetts,—about double.

That the general railway charge in Belgium must be relatively high is proved by the fact that the state railways earn six per cent. per annum, a rate equal to ten per cent. here, while our corporations average a little less than seven per cent. last year.

Yet the English commissioners in 1867, took note of the very defective stations and platforms in Belgium as compared to England.

It has been evident that the advocates of this measure, other than the railroad commissioners, clearly perceive that it is a question of taxation; and one of them, the Hon. Josiah

Quincy, in his address at the Board of Trade, has endeavored to put it out of sight in a very strange manner, rather reminding me of the ostrich who hides his head in the sand and thinks his body cannot be seen. Mr. Quincy's argument appears to be, "Let us buy out and complete the tunnel line, begin to operate it, and if it won't pay interest by all means sell it out; it would of course be unfit to tax the people for the cost of operating it." A very excellent and salable piece of property, the state line would be after it had proved to be incapable of earning interest, and the only taxation which would ensue after the sale would be that involved in raising the money to pay the 30, 40, 50 or 60 million dollars which the little "experiment" would have cost. There would be a first-rate bargain for the railroad ring.

Another able advocate of this little trifling "experiment," the Hon. Mr. Towne, of Fitchburg is not to be scared by a little bit of annual taxation; he said at the Board of Trade, as nearly as I can quote his words, "that even if it did cost the state \$2,000,000 or \$2,500,000 a year to pay the interest, to be raised by taxation, he still believed it would be a great benefit and well worth the cost."

And then he drew a glowing picture of the wealth of Massachusetts, as indicated by her assessment valuation of two thousand million dollars, upon which a little picayune tax of a couple of millions would be hardly noticeable. But, gentlemen, he forgot that Massachusetts commits the absurdity of including mortgage debts in her valuation for the assessment of taxes, and that hence our monstrous valuation may indicate the very reverse of prosperity. He forgot or did not know that the real estate of Suffolk County alone, is handicapped with a mortgage debt of \$151,000,000, if the memoranda of conveyancers are to be depended upon.

But gentlemen, I doubt not he was more nearly accurate in his estimate of the probable annual tax which would be involved in the state "experiment" in completing and operating the tunnel line, and I propose to consider an annual tax of at least \$2,000,000, probably more, not in its reference to our inflated and duplicated valuation, *but* in its relation to income.

If the normal or safe rate of income upon capital be considered seven per cent., the present aggregate of state,

county and municipal taxation locally assessed and collected by the city and town treasurers, amounting in 1872 to \$22,538,604.51, at the average rate of \$14.53 in a thousand, absorbs 20.76 per cent. of such normal or safe income; the "picayune" addition of \$2,000,000 for the support of the state railroad would carry the average local rate of taxation to \$15.82 in a thousand, and would increase the proportion of a seven per cent. income absorbed by taxation to 22.6 per cent. In plain language, then, this proposition to tax the state two millions for the support of the state tunnel railroad is equivalent to a proposition to impose an income tax of very nearly two per cent. on every city and town in the Commonwealth.

I think nothing more need be said, for I do not believe the farmers of Norfolk or Worcester, the fishermen of the Capes, or the manufacturers of Middlesex, Bristol and Hampden will submit to an income tax for the support of a state line of railroad, whose only possible chance of great use or of any profit whatever will consist in moving food through the state, to the benefit only of citizens engaged in the exchange of products, and for the consumption only of foreign nations.

Your remonstrants beg leave to draw attention to the very able decision lately given by the supreme court of Maine, whereby a town corporation in that State was perpetually enjoined from issuing its bonds in aid of a manufacturing corporation; in which decision may be found sound reasoning regarding the right functions of government, and by which decision a much-needed check has been given to the tendency to extend the functions of government into affairs not fit to be undertaken by either state or municipal corporations.

Your remonstrants have not encumbered this protest with any plans or suggestions as to what disposition the State shall make of the Hoosac Tunnel, but would suggest that there should be no hasty measure adopted whereby the State should part with its control until its value may have become more fixed.

They believe that however unwise, inexpedient, and possibly unlawful may have been its construction by the State, yet in view of the heavy taxation already caused by it, and yet to be imposed, every effort should be made to secure the

utmost return from it, lest the people should suffer wrong, both from the undertaking and the relinquishment of the enterprise in which many of them have been unwillingly forced to become parties.

In presenting this argument I have spoken for the remonstrants in regard to general principles on which they all agree, but for myself only in some of the details and special conclusions.

The remonstrants have reached the same conclusions on different processes of reasoning, and had not their time been so fully occupied, I should have left to some of them the duty of presenting the argument in a more fit and conclusive manner.

In thus treating the question as one of taxation, I would by no means be considered as speaking in the interest of capital. Every tyro in economic science knows that capital will always protect itself against the hardship of unwise legislation,—though it may suffer much,—either by obtaining an extra profit in compensation for the risk to which unwise and unjust statutes expose it; or if the statutes become too onerous, it will leave that place and flow to where it is needed and can get sure compensation for its use.

On the other hand, the unjust tax diffuses itself and falls, not in proportion to ability to bear, but indirectly and most heavily on those least able, and who cannot escape, absorbing their little margins which might become their savings, thus keeping them hewers of wood and drawers of water, without hope of relief.

I thank you for your attention to this overlong discourse. It has been prepared in the odd half hours stolen from sleep or from necessary work, and I feel that it must be but a feeble reply to the arguments of those whose daily work it has been to prepare for months before to present their very honest, but, as I believe, very fallacious plea to induce the State to extend its function in a direction for which it is unfit.

Respectfully submitted.

EDWARD ATKINSON.

Boston, February 27, 1873.

Mr. Adams.—I believe that report which you present, is the report of a previous committee of which Earl Derby was

chairman. A much more elaborate paper, it seems to me, is that of the secretary of the English board of trade. It is from that report that the commissioners have this year drawn their conclusions, and not from the report of 1867, which is somewhat older.

Mr. Atkinson.—I would be glad to have that report and analyze the rates of the charges in Belgium; but inasmuch as there has been an advance in cost, there may probably be found about the same relative change in wages with this new order of things. If I find any reason to correct the relation of the rates of transportation to the cost of subsistence, I shall cheerfully make the correction.

Mr. Bates.—Did you look at all to see what the ratio was when the roads were owned by private corporations?

Mr. Atkinson.—I did not.

Mr. Bates.—I think you will find there was a larger discrepancy then.

Mr. Atkinson.—I say that it does not furnish the people of Belgium with ratably cheap transportation. In England it is cheaper than in Belgium, compared with the cost of living.

Mr. Adams.—My figures are entirely different.

Mr. Codman.—How can you compare Belgium with Massachusetts?

Mr. Adams.—I know that Massachusetts is the paradise of laborers.

Mr. Bates.—Are you aware that the Boston and Albany road are now delivering corn for European consumption at Boston at a dollar per ton less than the people of Massachusetts are charged?

Mr. Atkinson.—I think it very likely, sir.

The Chairman.—Have you read the bill of the Lowell and Fitchburg roads before the Committee?

Mr. Atkinson.—I have not, sir. I have made a great discovery: as Judge Hoar said, I find I have been meddling with things I don't know much about.

The Chairman.—You have not told us what to do with this tunnel. What would you do with it?

Mr. Atkinson.—I think I would wait till it was finished.

The Chairman.—Can the State afford to wait, sir?

Mr. Atkinson.—I think it can, as well as it can afford to build the tunnel. I think one year's loss of interest would be far less burden than to make a blunder in undertaking to dispose of it before you know what it is worth.

Q. How are you going to know?

Mr. Atkinson.—There are methods of putting a consolidated line through the tunnel and yet retain the control so that no one line could hold the chance from the other.

Q. Would you be in favor of the State's selling the tunnel for what it cost?

Mr. Atkinson.—Upon certain conditions I would; upon conditions regarding its proper use.

Q. What are the conditions?

Mr. Atkinson.—Such as the State may see fit to adopt to protect other lines of road if they choose to exercise their right.

Mr. Bates.—What difference is there between the State selling it, and putting it into some one of these lines.

Mr. Atkinson.—Not much, sir. I think the tunnel will come a great deal quicker to benefit the people under the control of the consolidated line, by some method to work a corporation through it that may be found if there is no undue haste, than by any possible ownership, even by the State itself.

Mr. Bates.—Then the only reason why you would advise a delay in this matter is that you hope that before another year some new method may be devised?

Mr. Atkinson.—I say this: I would make no undue haste. I would run the risk of losing another year's interest rather than make a blunder.

Mr. Bates.—What is the blunder? Why cannot you decide to-day as well as next year?

Mr. Atkinson.—I should think there would be a better opportunity to decide when the tunnel is absolutely finished.

Mr. Bates.—What difference does it make? Everybody says, "Oh, don't part with the tunnel." Now I think one of two things must take place. Either you must part with the tunnel or else your company is not good for anything and you cannot compete with any one, or else you must muddle along, Micawber-like, waiting for something to turn up, or else let every one run helter-skelter through the tunnel. If

you will show how it can be done, we would like to put it into the bill and give equal rights to all parties.

Mr. Atkinson.—I am an outsider, and am not an owner in any railroad. For that reason I have confined my opposition to attacking the extension of the function of the State into matters with which it has nothing to do. If the railroad community of this State is not competent to find a use for the tunnel, for which so many people seem to be grabbing, we had better send into some other State and find somebody that is competent.

Mr. Bates.—You are one of the men. Here we are trying to see what we can do with this tunnel——

Mr. Atkinson.—I have distinctly said, sir, that I have, in my argument, made no attempt at the solution of the tunnel question as a railroad question, because I do not wish to meddle with that which I do not understand. The practical working of that tunnel, how it shall be handled as a railroad question, I don't understand it.

Mr. Bates.—Here we have been sitting nearly two months and have heard everybody with patience, and are hearing everybody. With a Committee,—well, no matter how intelligent. Do you think there is going to be a better one? [Laughter.]

Mr. Atkinson.—I recognize upon this Committee several gentlemen whom I know,; without any flattery to them I should say I don't believe they need to send to any other State. After they shall have heard the arguments and the case is presented to them I am perfectly willing to trust it in their hands and in the hands of the legislature which shall act upon their report, because I know they are getting all the railroad wisdom and there is now sitting before them all the railroad counsel, and they have got a little of my scatteration political economy in addition, which I hope will give them a little more light.

Mr. Bates.—If these Committee-men find the best plan, don't you think it is better to decide it this year than to let it go over another year and get into another muddle?

Mr. Atkinson.—Undoubtedly, I do, sir.

Mr. Bates.—The feeling I find abroad is, that there is a vague, indefinite idea in the community that something awful

is going to happen if anybody has anything to do with the tunnel.

Mr. Atkinson.—I don't hear anything of the kind.

Mr. Bates.—I have. Railroad men come here and say the State ought not to keep the tunnel, and these gentlemen who have talked at the Board of Trade and Corn Exchange say, "Don't give up the tunnel; we cannot allow it." I wish they would state to us what they do propose to do with it; if they have any practical plan we would like to hear it and settle the matter.

Mr. Atkinson.—If I am counted criminal for coming here without any definite plans I submit to the Committee to pass upon the facts I have presented in that light.

Question. (By a gentleman in the audience.)—What is the area of Belgium?

A. I don't know. I have an idea of a small state.

Q. How much larger than Massachusetts?

A. I cannot tell, sir. I am having a great map made by one of my boys at the Institute of Technology to show the relative size of all countries in squares.

Q. Cannot a ton of freight be moved one thousand miles much cheaper in proportion than it can be moved one hundred miles? Is not that the case on the Boston and Albany?

A. Undoubtedly, sir. Not, I think, so far as the Boston and Albany is concerned as a railroad corporation in Massachusetts. I have an idea that Belgium is about the size of Massachusetts.

Q. The freight from the West can be carried much less *pro rata* per ton than that which is taken a shorter distance?

A. As to moving, no; as to handling, yes.

Q. You say you are not in favor of carrying grain out of this country?

A. Undoubtedly I am, if private enterprise takes hold of it and moves it. My idea is that if the State undertakes to run this railroad the charge will be artificially depressed; that is, it will be put at a much lower rate than a railroad corporation would put it. Now, then, inasmuch as the chief business over that road would be the transportation of food through the State for shipment to foreign ports, and not its distribution within the State, it would amount to an artificial

cheapening of the cost of the products for those who eat them. Another fact is that it would be a depression of the cost of wheat, which inasmuch as the wheat moved over the railroad for export would be greater in quantity than the food moved over that railroad for use in Massachusetts, it would be in effect an artificial benefit to foreign manufacturers. I am against extending the functions of the government to artificial and unnatural interference with trade. I believe the tradesmen are wiser than any of you legislators in managing their own business.

The Chairman.—Do you believe in a consolidated line, sir?

Mr. Atkinson.—I do, sir, most heartily.

The Chairman.—Don't you think there will be sufficient business for all this line to the West?

Mr. Atkinson.—I cannot see where that business is coming from so long as the tunnel line ends at the Hudson River. As to extending the functions of the State into the State of New York, as I said, when I compared Mr. Adams to Mrs. Partington, the moment you attempt to extend the function of Massachusetts into the State of New York to interfere with the business of New York, the State and interests of New York, with its sovereign power, will come and sweep your State function right out the mouth of the Hudson.

The Chairman.—The New York Central controls the rate of freight in New England, does it not?

Mr. Atkinson.—Substantially so at this moment. I think, sir, that with the opening of the Pacific and Ohio Railroad you will have Western products furnished cheaper than they have ever been before. I say private enterprise will protect this interest. If there is money to be made, capital will find it out. When it is said that competition is too expensive and does not go fast enough, I simply point out the fact that it has made investments in railroads, a large portion of which extend from the seaboard to the Western Territories, to an amount equal to all that is invested in the cotton manufactories in the United States.

The Chairman.—Speaking of the manufactures in New England, the rates of freight form an important element, do they not?

Mr. Atkinson.—Yes, sir; but I would rather have the

chances of competition in freight than to be subjected to onerous and excessive taxation.

The Chairman.—Now you state that the manufacturing interests of the South and West are being developed so fast that New England manufacturers have got to look out very sharp for competition?

Mr. Atkinson.—I didn't quite say that.

The Chairman.—Well, is it not a fact?

Mr. Atkinson.—In speaking of manufacturing, do you speak of textile manufactures?

The Chairman.—Yes, sir.

Mr. Atkinson.—No, sir; I don't think it is.

The Chairman.—Not in Georgia?

Mr. Atkinson.—I don't think it is anything like the increase of population in the South. The increase of cotton-spindles in the South and West is nothing like the increase in population. There is nothing doing in woollens; there is an excess of woollen machinery in the United States already. The cotton machinery is increasing about the same as the population. A very large proportion of that increase is in New England, and it will stay there. I am not afraid of Southern or Western competition.

The Chairman.—What proportion of our manufactures are imported?

Mr. Atkinson.—About seventy-five per cent.

The Chairman.—The advantage of New England over the South and West is that they have skilled labor, I suppose? Is it not possible to import this skilled labor to the West, where feed is cheaper?

Mr. Atkinson.—You can import the labor, but the price of food is but a very small element in the cost of manufacturing. If I had anticipated these questions I would have brought up some accounts of the cost of operating a cotton-mill; the accounts are carried out to the thousandth part of a cent. In these factories at Lowell and elsewhere in New England, where the fitness of the people is maintained by gradual evolution, they will overcome the little disadvantages of freight and distance. You cannot tear away manufacturing from New England for that reason. A mill to be developed in the West should have a paper-mill to take the waste; a machine-

shop to furnish, and a repair-shop and extra hands. The advantages of New England, in this respect, compensate many times for the little differences in freight.

The Chairman.—Is there any better system of manufacturing than there is in the State of Georgia?

Mr. Atkinson.—Yes, sir.

The Chairman.—I understood Governor Sprague to say that he found the best factory in Georgia that he has anywhere seen?

Mr. Atkinson.—He ought to know better than I, but I should not agree with him. Mr. George Hovey asked me the other day, "Atkinson, can you keep one end of the mill first-class and the other spinnish?" "No, sir." There are constant improvements in little things which are always circulating. My cousin came here a short time since from Moline, on the Mississippi River, and said he wanted to establish a mill for the manufacture of meal-bags. He went through with his statement of the superiority of Moline in freights, in food and in all its elements of advantage. He said, "Now I have got cotton, food, hands, and I can get machinery; why cannot I make meal-bags as cheap as you do?" My answer was, we don't make them out of cotton although they are cotton-bags. We make them out of waste, which costs only two-thirds or one-half as much. We will beat you all to pieces; until you get the other mills we will knock you all to spots on meal-bags.

The Chairman.—The element of cheap living is one consideration?

Mr. Atkinson.—Yes, sir; but it is but one element. Take the total cost and what is it? On weavers' wages, which are from \$6 to \$7 per week, the cost is \$2.50 to \$3.00 per week. In order to test the question whether a boarding-house keeper could make money at \$2.25 per week for boarders, I caused an account to be kept of the expense of a house where forty French Canadians were kept for nine months in the year, and some very curious facts turned up. I found that the dollars of sugar were greater than the dollars of flour or meat. They get their sugar cheaper here than you can in the West. You will save on the flour and we shall save on the groceries.

The Chairman.—How about the coal and beef?

Mr. Atkinson.—You will find that the spices and other articles from foreign countries will be another element of difference. There are other curious facts connected with this experiment I would like to present if I had the accounts here.

The Chairman.—You don't remember that when the Western Railroad was built by the State, every farmer in the State was taxed for it?

Mr. Atkinson.—No, sir; I do not.

Mr. Crane.—Whether or not manufactures keep pace with population?

Mr. Atkinson.—In cotton they have done so; in woollen manufactures they are ahead.

Mr. Crane.—I think capital doubles every ten years, and population in twenty-three years. Manufactures double every six or seven years.

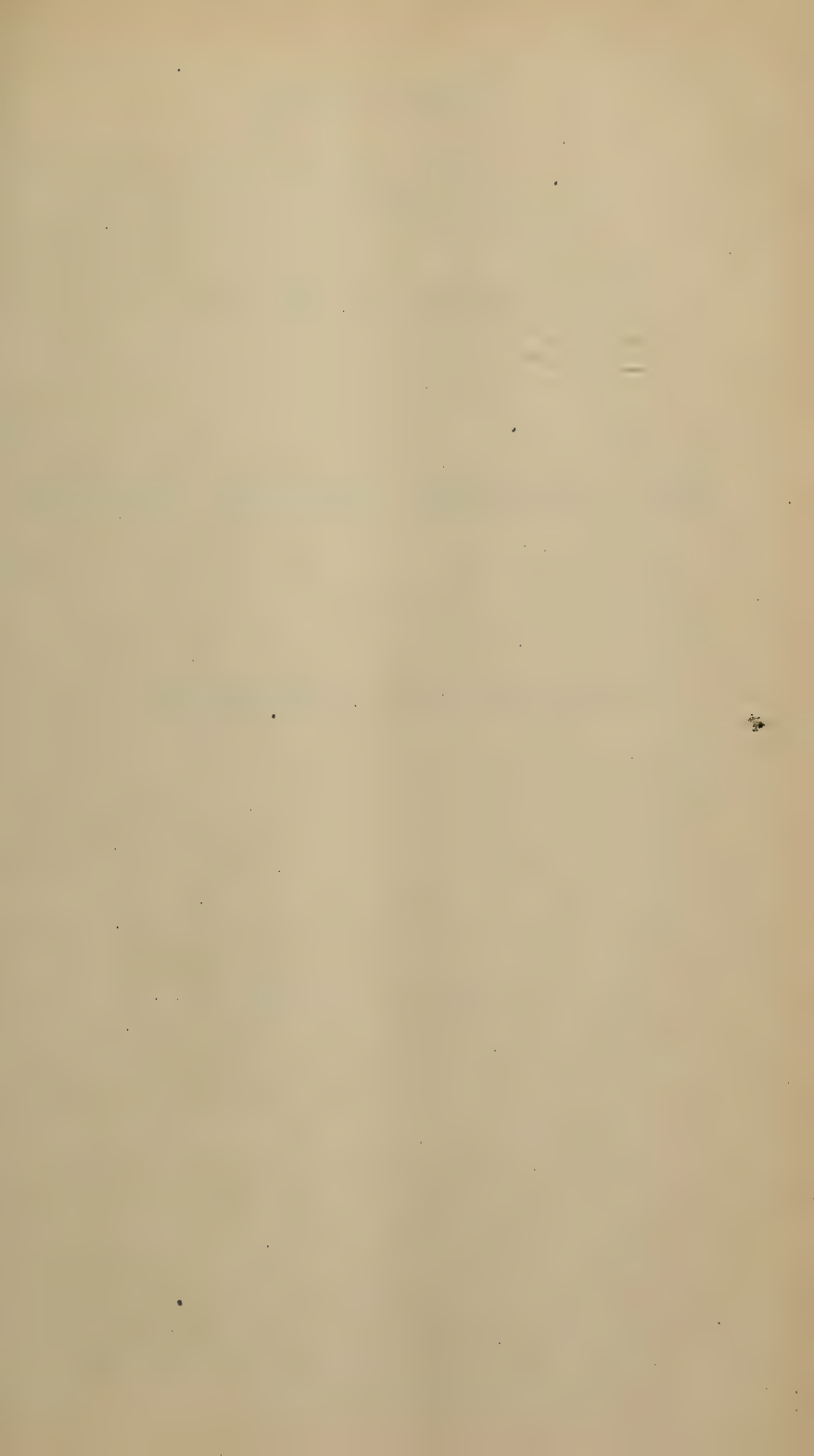
Hon. Otis Clapp.—Robert Rantoul, Jr., in a speech made in Congress in 1852, stated that the only safety for New England manufacturers was cheap transportation of food from the West. So long as the West could raise food cheaper than it could manufacture, so long she would do it; and when she could manufacture cheaper than she could raise food, then she would manufacture. And he showed conclusively that the West would manufacture unless you could make cheap transportation to bring your articles to them. I think that speech is well worth reading.

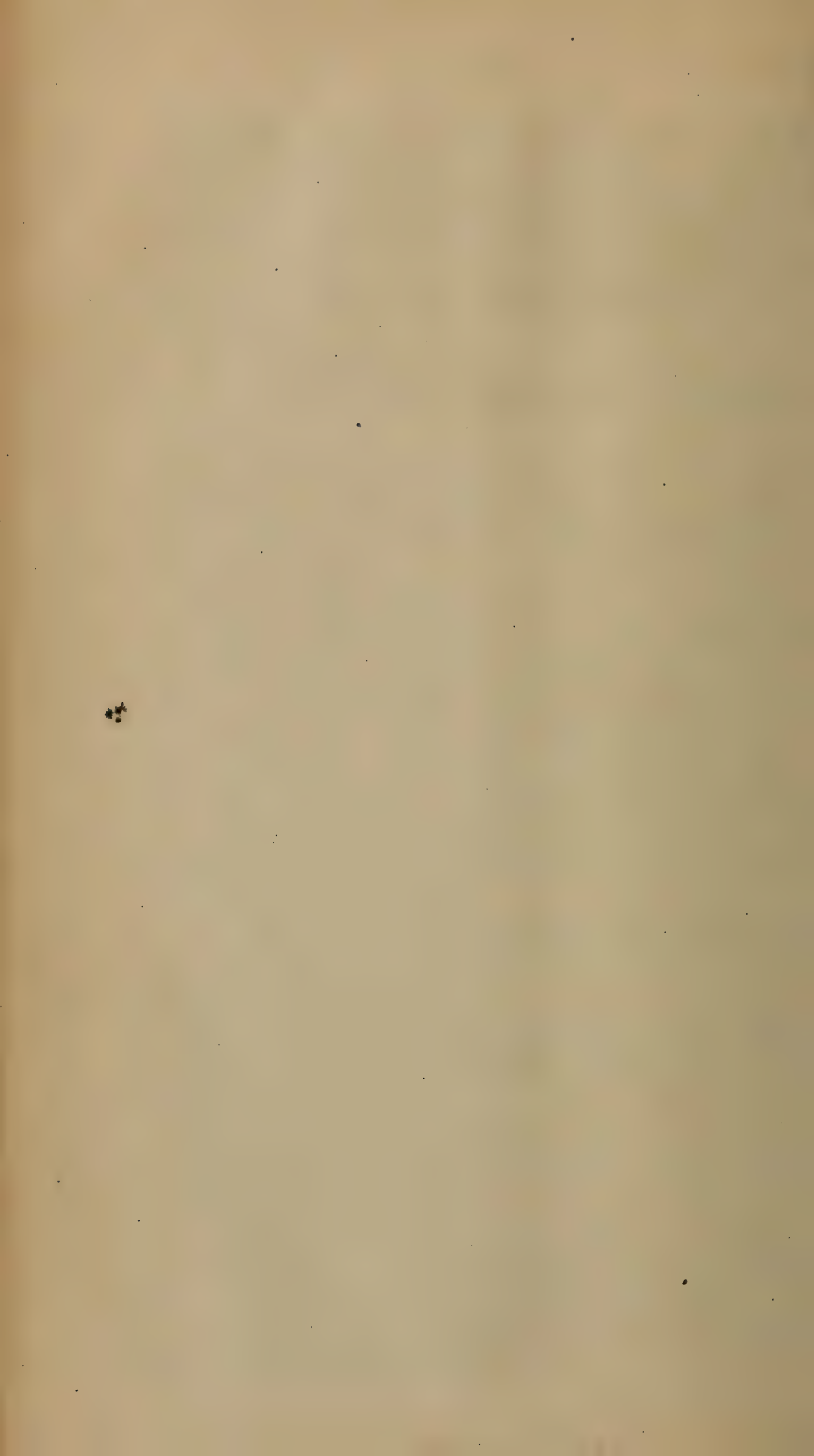
Mr. Atkinson.—I think Mr. Rantoul was perfectly right. He would leave the railroads to private enterprise, and not have any railroad interference.

Mr. Clapp.—These private corporations pay dividends on an immense amount of watered stock. Between St. Paul and Omaha it amounts to \$135,000,000, and if it is not stopped where are we?

Mr. Atkinson.—Admitting all the waterings, these same watered railroads now carry merchandise at a less cost than before the stock was watered.

Mr. Clapp.—I have collected some facts in this matter, and if at some time the Committee can spare me twenty-five minutes I should like to furnish them the information. I will endeavor to keep myself strictly to the point of illustrating the importance of this question.





REPORT

OF THE

SIXTEENTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

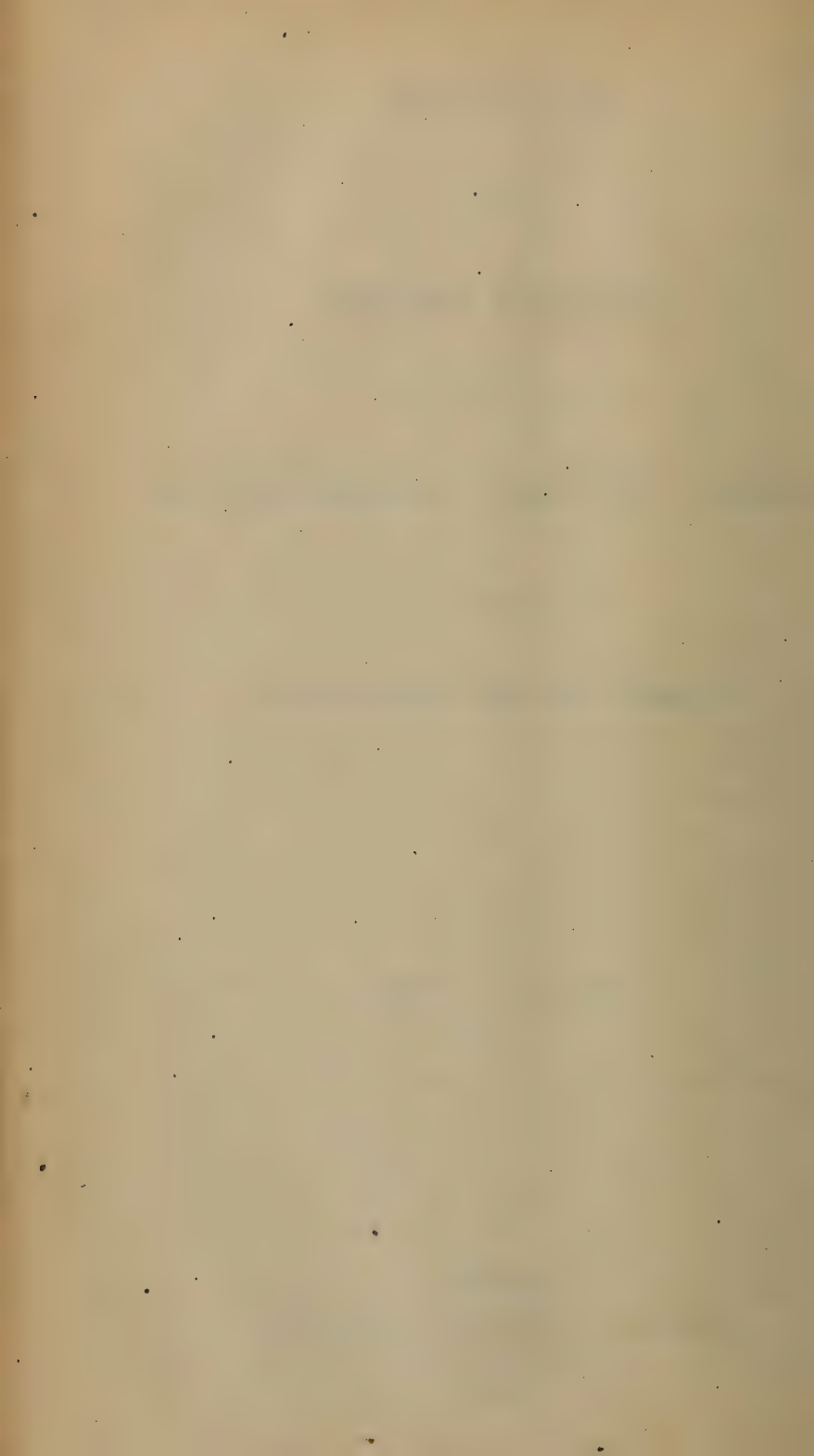
MARCH 4, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.



SIXTEENTH HEARING.

The sixteenth hearing was opened with the following remarks by Edward Atkinson, Esq. :—

Mr. Chairman and Gentlemen of the Committee,—In reply to some questions which were put to me, and also to some exceptions taken by Mr. Adams to my evidence, I desire to reply.

In regard to Belgium, Mr. Adams objected to the English parliamentary report on the state ownership of railways of 1867 as not being the latest; but I do not find the blue book of 1872, to which he referred, and which he has kindly placed in my hands, to be a later report on state ownership, but a report on amalgamation, or as we should say, consolidation. In the report which I put in as evidence, that portion which relates to Belgium is a part of the regular report of the railway commission itself, signed by a large majority of its members.

The statements in regard to Belgium in this so-called later report are only those contained in the appendix, in a paper drawn up by Mr. W. R. Malcolm, a subordinate officer of the board of trade, and it is mainly upon this mere memorandum of an unknown person that the railroad commissioners appear to rely for evidence of the success of the state railway system in Belgium. But, gentlemen, even from this paper I draw conclusions or inferences that should be a warning to you not to approve a state railway system with any view to an effective or cheap railway service in Massachusetts.

Belgium has an area of 11,412 square miles, and a population approximating five millions (5,000,000); a railway system of 2,015 miles in length, or one mile of railroad to each 5.66 square miles, and one mile to each 2,700 inhabitants.

Massachusetts now has one mile to 4.7 square miles, and to each 879 inhabitants.

I observe with interest that our commissioners quote approvingly the statement made by Mr. Malcolm that the state intervention has effectually killed competition in Belgium. I also observe that a necessity stated theoretically as a logical result in my previous argument, has become a fact in Belgium, to wit: that the purchase and operation of even a small portion of the railway system by a state makes the purchase of the whole imperative. The State of Belgium is steadily increasing its proportionate ownership, and Mr. Malcolm says it is the prevalent opinion on all sides that within a few years all the roads will be transferred.

I find also that the state policy in operating the roads has been extremely fluctuating, and that the state found itself unable to compete with rival lines on commercial principles, although it does not appear that the private corporations failed to make money while thus beating the state in rates charged upon commercial principles. I find that no rival line is now allowed to *reduce* its charge for transportation without the consent of the Minister of Public Works, it being evidently feared that the state could not otherwise realize six per cent. on its investment. I find that the present cumbrous system which has made it clear that "competition is effectually dead in Belgium," has been in operation but a very short time, and that even in Belgium there has as yet been no experience under a stable policy to warrant any assertion that the state system is there either cheap or effective.

On the other hand, I find in this later report no table of charges and no evidence whatever by which my comparison of the ratio of railway service to wages can be contested, and as I took the railway charges in 1867, before any advance in the cost of coal and wages in 1870, between which dates there had been a general rise in the rates of wages, I am prepared to maintain my proposition that if regard be had to the ratio which the general charge for railway service bears to the income of the mass of the people as indicated by their wages, railway service in Belgium is twice as costly as it is in Massachusetts.

I trust that before you take action on the example of Bel-

gium you will cause our railroad commissioners to make a complete investigation on the ground, and when they return, as I have confidence in their being thoroughly right-minded men, I believe they will hasten to abate the mischief which that recent report tends to promote.

At the last hearing I made one misstatement which I desire to correct. I said that in the factory boarding-house of which I caused a record to be kept, the cost of sugar was more than the cost of meat; this was an error.

The expenditure for forty adults in twenty-seven weeks was—

		Per week to each person.
For meat,	\$586 00,	3½ pounds.
For butter,	343 00,	12½ ounces.
For sugar,	229 00,	1½ pounds.
For flour,	209 00,	5½ pounds.

The people were mostly French Canadians, who use an excessive quantity of sugar, yet few persons realize the relative cost of sugar and flour in household expenses. I think it costs most of us about an even sum. In the fiscal year ending June 30, 1872, we imported 460,000,000 pounds of sugar and about 100,000,000 gallons of molasses and sirup. If to this we add the product of Louisana and our own sugar-maples, it will give at least fifty-two pounds a year, or one pound a week, to each man, woman and child in the country. Taking flour at four cents a pound and sugar at twelve, one pound of sugar is equal to three pounds of flour, or four and one-fifth pounds of bread.

As to the matter of Western competition in manufacturing, I am of the conviction that our advantage on groceries and in foreign dress-goods will fully compensate for their advantage in the coarser articles of food. The South will, of course, beat us a little in the price of cotton; but both South and West will be at a great disadvantage for many years to come in the supply of trained operatives and in not having machine-shops, patterns and skilled workmen to do the repair-work by the piece. The single need of keeping spare hands in training will offset any advantage of the West over us at present, as it will hereafter appear that the transportation of food is a

trifle, although the tax proposed to be put upon us to cheapen it is not by any means a trifle. The West and South will learn their lesson in textile manufactures by many and successive failures with but few cases of success at present, and as to most parts of both West and South, I doubt not it will appear that the stimulus of our harsher climate gives us another advantage. This leads to a consideration of the questions put to me by your Chairman at the last hearing, in regard to the possible disadvantage of Massachusetts in being so distant from the food-supply of the West.

He appeared to desire to know if I did not think there was some danger to our manufactures on account of that distance. I do not think he himself anticipated such a danger, but I infer that he put the question because the distance from the wheat-field has been urged as the great, paramount, controlling reason why the State should at once intervene, seize upon railroad property, expend twenty or thirty million dollars, expose the State to an income tax and incur all the admitted dangers of this costly experiment.

When I heard Mr. Towne of Fitchburg expatiate upon the future possible decay of Massachusetts, unless she had her iron hand upon the railroad system and forced down the rates of transportation, I trembled for our factories and looked forward to the time when the wheels of our mills would stop, its machinery rust and I should pack my few old clothes in a trunk and depart with my children to those flat, detestable, home-sick prairies of the West, to begin life anew. I thought of the last glimmer of the state house cupola, the last sniff of the blessed east wind, the last reading of the "Daily Advertiser," and then I went sadly home and dared not tell my children what made me sad. But then I remembered Mr. Josiah Quincy and his "Grand Union Anti-monopoly Cheap Bread for the Million Railway League," and my heart burst forth in praises of him who would not only save my factory but scatter blessings on thousands more; combining all the States into a great brotherhood of determined men and sisterhood of women who never! never! never! will be slaves to the railroad rings that now feed on their blood and bones.

But, gentlemen, at last I went to my books of account and sought for facts. I can now answer Mr. Carpenter's ques-

tions, but I can never be depressed again by Mr. Towne's dreadful anticipations or elated by Mr. Quincy's grand visions of plenty.

In the last three months a mill of which I keep the accounts converted three hundred tons of cotton into two million and fifty-six thousand yards of sheetings. In so doing we employed a force equal to about six hundred and fifty adults, rating our half-time school children fairly. Having kept a careful record for many months of the actual cost of boarding forty adult mill-operatives,—a year or two since,—I know that each one consumed less than $3\frac{1}{2}$ pounds of meat and $5\frac{1}{2}$ pounds of flour per week; but I have estimated the consumption of all our hands for the last thirteen weeks at four pounds of meat and six pounds of flour to each person per week. This gives a total consumption in thirteen weeks of 34,000 pounds, or seventeen tons of meat and 260 barrels of of flour. Now, gentlemen, the 2,056,000 yards of sheetings made were worth about \$250,000, and the railway charge on the meat at \$15 per ton, and on the flour at \$1.50 per barrel from Chicago,—rates high enough for the most voracious railroad monopolist,—would have come to \$645 (six hundred and forty-five dollars!) Of this charge, perhaps \$100 ought to be assigned to the Boston and Albany Railroad for one hundred miles' service to Springfield, and if the State will kindly seize that road and operate it for nothing, I shall save either five one-thousandths, or five ten-thousandths of a cent a yard,—I don't know which—the decimal was so long I couldn't find the point. This is for three months.

Or, gentlemen, if you will seize, complete and operate the tunnel line at an annual cost of \$2,000,000, or two per cent. on incomes, as I demonstrated that sum would be, the other day, and by so doing, if you depress the price of transportation in Massachusetts one-half, I should save just two hundred dollars a year on the freight of the food of our operatives, supposing that all the meat and flour comes from the West, and estimating the income on our capital at seven per cent. Our share of the state tax of \$2,000,000,—estimated by Mr. Towne as the annual sum, that would be cheap for the benefit conferred,—would be eleven hundred and twenty dollars. Gentlemen, I sincerely believe this is a fair statement,—my

facts are facts,—I can prove every figure,—and the result is about what ought to be expected from the State meddling with unfit work, a gain to the citizen of one dollar at a cost of more than five!

The investigation of the relation of the transportation charge to the cost of cotton goods has not been without value to me, and I think you may like to have the results. I find that the average charge on cotton from Southern cotton markets to the mills is about one and one-fourth cents per pound; on coal I have allowed \$4 per ton for transportation, out of a cost of \$6.77, delivered at mill; the average freight charge for distribution of goods paid by us I have put at \$4 per ton, and I have made allowance for the freight of our waste to the paper-mills near us, and have included everything I can think of, dealing in round figures that fully cover. The following is the result:—

Transportation Charges of all sorts paid by a Cotton-Mill in Massachusetts.

Capital fixed and quick,	\$800,000 00
Value of annual product,	1,000,000 00

** Freight Charges.*

1,200 tons cotton, at \$25,	\$30,000 00
1,250 tons coal, including that used by operatives, at \$4,	5,000 00
1,000 tons goods sent away, at \$4,	4,000 00
200 tons waste sent away, at \$1,	200 00
100 tons starch, supplies repair stock, groceries and provisions over short routes, at \$3,	300 00
160 tons meat and flour, if all from Chicago, at an average of \$15,	2,400 00
Total,	<hr/> \$41,900 00

You will observe that the total freight charge to the mill in Massachusetts is about four per cent. on the product and about five per cent. on the capital. Three-fourths of this charge is on cotton, and the Southern mill will have the

advantage over us, say of three or four per cent. ; it would be soon lost in difference of management.

The entire charge on Western produce is less than one-half of one per cent. on our product, little more on our capital. The Western mill may have two per cent. advantage on cotton, coal and food, but would lose a part, or the whole, on groceries and other articles.

Finally, if by your proposed state system you reduce the cost of transportation of food one-half over the entire line, from the prairies to the mill, you will barely save us our share of the annual income that will come from the tunnel line alone. If you run that line commercially, and do not tax us for the cost of operating, you can save us nothing, and will only demoralize the whole State by doing what you undertake.

But now, gentlemen, let me startle you a little more. I have charged each of my adult mill-operatives ten pounds of meat and flour a week. Let me charge every man, woman and child in Massachusetts, say 1,500,000, half a pound of meat and half a pound of flour each per day, or seven pounds of meat and flour a week to each and all, including children, equal to half a soldier's working ration for every one, a fair allowance of Western food, and you may claim that this shall all come from Chicago at a fair average summer and winter charge of fifteen dollars per ton, and how much do you suppose it comes to? 273,750 tons at \$15—\$4,106,250.

The tax you now impose on the people of Massachusetts for the annual interest charge on their money sunk in the Hoosac Tunnel alone is nearly one-fourth of this sum. Will any advocate of further state ownership dare to reduce the figures I have given to the actual facts?

Will any one dare deny that the annual tax now imposed upon the people of Massachusetts to pay the interest on the Hoosac Tunnel debt, is equal at least one-third if not one-half the cost of transportation of all the Western flour and meat consumed in the whole State?

Let me put this in a formula, that he who runs may comprehend.

The cost of the Hoosac Tunnel to date, as given by Mr. Adams, has been \$12,000,000 to \$14,000,000—but this is only

the apparent cost ; if the cost of the taxes to meet the interest yet to accrue before completion be added, the cost of completion two or three millions more, and the cost of legislative wrangling and delay, with the printing and other like charges that have not appeared in this account, also added, is there any man that dares deny that the tunnel will have cost when completed at least \$20,000,000? The annual interest on this sum will be \$1,200,000.. Taking the average of years, one million two hundred thousand dollars will pay the transportation charge at summer rates of fifty per cent. per hundred on one million two hundred thousand barrels of flour, or its equivalent in wheat; from Chicago to the centre of Massachusetts, and this quantity of flour would supply every man, woman and child with three pounds one ounce of flour per week, or twelve ounces of bread per day—a fair supply of wheat bread.

If this is true,—and it cannot be gainsaid,—the effort to compass the construction of the tunnel, ostensibly intended to cheapen the bread of the people of the State, works at this time in such manner as to put the great wheat-field of the West one thousand miles farther off. You still pay \$1,200,000 a year for bringing your flour, and you pay a tax equal to that sum in addition.

On the one hand Congress has pushed the great food-producing British provinces one thousand miles away from us, by a national tax. On the other hand the State has pushed the great wheat-field of our own country one thousand miles farther off than it really is, by a state tax, and now the people of Massachusetts are called upon to endorse the acts, and to request you to enact more preposterous measures of the same pernicious kind on the false pretence of promoting cheap food for the poor. I have no patience with such unreason.

If I have not proved my case, gentlemen of the Committee, I have at least indicated to you the positive duty that is upon you to investigate this question in a thoroughly scientific manner, and in its most minute details.

The moralist tells us that our spiritual welfare most depends upon our separate acts in each little moment of time ; and in like manner the economist will prove to you that our material welfare rests on small margins and minute savings

beyond the power of statutes to regulate but within the power of statutes to dissipate by taxation, and to hinder from accumulating.

Therefore, we pray you, confine your statutes to the enforcement of justice, and let each man work out his material welfare under that Great Power which has not arrayed men in selfish antagonism, but who has so ordered our way of life that from the seeming clash of self-interests will surely come that practical coöperation and harmony in society which will ultimately yield abundance to all, and yet harm none.

EDW'D ATKINSON.

MARCH 3, 1873.

Mr. Bates.—Now is not the same thing true with reference to all the other roads? Haven't they all cost more than they have come to? With reference to all the other roads the loss comes upon the capitalist who chooses to put his money in. This tunnel is a failure, the State pays it and the State loses; all the other roads are failures, but that loss comes out of private individuals. Does not your argument prove that railroads ought never to have been built?

Mr. Atkinson.—Not in the slightest.

Mr. Bates.—I think your argument proves it.

Mr. Atkinson.—My argument proves this: The State will impose such taxes upon people that they cannot bear them. The tax which the construction of a railroad imposes upon the capitalist who puts his money in, if he loses it, tends to make him work harder, and are far less. There is a possible economy in the loss of private capital; there is no possible economy in the imposition of taxes. Roads which are successful, and which private capital has caused to be built for sake of profit, ought to be built; but a road which does not pay its profit without taxation, I say ought not to be built.

EX-GOVERNOR CLAFLIN.

Ex-Governor Claflin was called as a witness by Mr. Morton, and gave the following testimony:—

Mr. Morton.—Will you have the goodness to state to the Committee whether you have examined the bill based upon

the report of the Commission on Cheap Transportation in 1868?

Mr. Claflin.—I could not say, sir, as to any particular bill. A little time since I examined a bill that was before the legislature a year or two since. I suppose you mean the bill for a trust company?

Mr. Morton.—Will you state to the Committee, generally, whether you favor the passage of that or a similar measure in connection with the Hoosac tunnel line of road?

Mr. Claflin.—I do, sir. I see no way out of the difficulty we are in except by the State's assumption of connecting roads with the tunnel. I mean no way that would be satisfactory in the end to the State.

Mr. Morton.—Now about the government of a railroad company as provided for in that bill; is it your opinion that such a government will be efficient?

Mr. Claflin.—I would state that I suppose the government to be in the first place a board of trust, appointed by the State, of thirty persons, five of whom shall be elected annually.

Mr. Morton.—Would you say, sir, that thirty corporators, holding the position of trustees, without any personal pecuniary interest in the road, electing their directors, could manage a road as efficiently as a private corporation like the Boston and Albany, with some thousands of persons comprising the stockholders of the corporation?

Mr. Clapp.—More efficiently, I think.

Mr. Morton.—Do you perceive any necessary corruption in such a government, composed of thirty trustees elected by six legislatures?

Mr. Claflin.—I don't think there would be any more corruption than in running any other large corporation. I don't think you could avoid corruption among the employés.

Mr. Morton.—Would you think, sir, that the road might be run with more advantage to the public by a corporation composed in that way than by a corporation operating for private profit?

Mr. Claflin.—I have no doubt of it.

Mr. Morton.—Have you examined the financial part of the bill?

Mr. Claflin.—Not particularly.

Mr. Morton.—I mean the general financial portion of the bill, which provides for the capital stock, the purchase of different roads, a sinking fund, &c.?

Mr. Claflin.—I have not examined the figures closely. I take it for granted that they are approximately correct. I see no reason why the scheme might not be carried out as the roads now pay their dividends, and of course when you have the increased business through the tunnel, they will pay still larger.

Mr. Morton.—If it can be shown that the roads will guarantee six per cent. dividends, would you have any doubt that at least there will be a continuation of such prospects?

Mr. Claflin.—I think there must be a steady increase of business and a steady increase of profit; no one can doubt that.

Mr. Morton.—Do you see any more inconsistency in the State's running a railroad corporation by trustees of the State than in running a state prison or any other public institution by trustees?

Mr. Claflin.—I don't see any difficulty in the State's running a railroad any more than in their running any other matter.

Mr. Morton.—Is it your idea that it would be any more corrupt than any other institutions in the hands of their respective trustees?

Mr. Claflin.—I think we should be as safe there as in any other institution.

Mr. Morton.—Would you commend this proposed measure as the best that has been brought to your knowledge?

Mr. Claflin.—As far as I know, sir.

Mr. Morton.—Do you conceive it important, in order to insure to the people of this Commonwealth the advantages that have been hoped from this new line to the West, that the State should acquire the control of the line, at least to Lake Ontario?

Mr. Claflin.—I don't think it is absolutely necessary; it is very desirable, perhaps. The State does have control, if it takes these railroads. The points of a railroad are its ends. I take it that all the intervening roads would be glad to be

customers to anybody that has a fixed and serviceable road. They will be glad to patronize it on the best possible terms.

Mr. Morton.—But if it were equally possible to control a line directly to Lake Ontario you think it would be advantageous?

Mr. Claflin.—I do. I think it could be run for the public good. I don't say that it might not be if controlled by private interests; but I think the private and public interests in controlling a through line of railroad are contrary. The interests of the stockholders and directors of this corporation would be diverse to public interest.

Mr. Codman.—Do we understand you as meaning to say that in your opinion, under state management, a road could probably be made to return larger dividends for the capital invested than by private management?

Mr. Claflin.—That would depend rather upon the disposition of the trustees and on what the legislature proposed to do. I suppose your idea is whether or not the State in this manner can run a road cheaper than a private corporation. Privately I think it can. I think a board of trust with an executive board can run a railroad cheaper than any corporation. It is a pretty broad statement, I am aware, but I know what I am stating. In public institutions there are men to-day employed as superintendents who work for less salary than they would work for any private individual or corporation, and work as faithfully. That is my experience after having had some supervision of them for several years. There is something in public service which is agreeable to them. They see they are not liable to be turned out without some occasion. A man may be a superintendent of a railroad to-day and may be one of the best men in the Commonwealth, and for reasons given by some stockholder or director the axe may fall and he is thrown out of a situation. There are clerks in this house below us that work year after year at less salaries than any merchant would think of paying them,—men of excellent integrity and of unquestioned business capacity. That principle is true of every class of men employed by the State. There are the justices of your supreme courts,—one of them is there at a quarter of the salary that he had before he took his office. He had a salary on the Albany road of

\$6,000 and only worked one-quarter of the time, and now he works all the time. It runs all through the State.

Mr. Codman.—Whether you would think it to be desirable for the State, in case it owned and operated a line of railroad, so to run that railroad as to make it a paying road,—make it pay a respectable dividend,—or whether you think it should be run without the least regard to dividends but, for cheap fares and freights?

Mr. Claflin.—I think a railroad should be run ordinarily to pay its expenses; that is, to pay interest on its cost and nothing more except the usual fund for contingent expenses.

Mr. Codman.—What would you consider a fair rate?

Mr. Claflin.—I would pay the interest the State has to pay.

Mr. Codman.—Nothing more?

Mr. Claflin.—No, sir; I don't see any reason why you should; it is only taxing the people of the State to do it.

Mr. Codman.—that means a 7 per cent. annual dividend?

Mr. Claflin.—I don't understand it so.

Mr. Codman.—I understand that if the State took the road and the road paid 7 per cent. on the capital invested, you would be satisfied?

Mr. Claflin.—It would not necessarily be 7 per cent.

Mr. Codman.—It is immaterial. It would undoubtedly be less than 10 per cent., which is what railroads are allowed to divide.

Mr. Claflin.—Railroads are allowed to divide any amount they please.

Mr. Codman.—I thought they could divide only ten per cent.

Mr. Claflin.—They are dividing there twelve and fifteen per cent.

Mr. Codman.—Do you mean to say that you understand there is no law in the Commonwealth which limits the dividends of railroads?

Mr. Claflin.—Yes, sir.

Judge Thomas.—I had occasion to investigate that question, and I think the governor is right. There is a general rule.

Mr. Codman.—Then you think it is only in particular cases that there is any restriction?

Col. George.—The State has the right to take them by paying the cost of the roads, after making up the dividends to ten per cent. That may be the reason why they don't pay more than that.

Mr. Codman.—I know there have been bills with limitation to dividends, because the committee have signed them.

Judge Thomas.—Do I understand your idea to be that the policy of the State to take a railroad, extends to roads outside the Commonwealth?

Mr. Claflin.—I don't see how the State could take roads outside the State.

Judge Thomas.—Your plan involves the idea of taking corporations by lease or otherwise outside the Commonwealth, and means to run to Oswego. Do you sanction that policy to the extent of taking a line outside the State?

Mr. Claflin.—I cannot detect any disadvantage in taking a lease, but the ownership I might question. I suppose the matter might be worked out by experience. Our whole railroad system has been a matter worked out by experience. I cannot see why if the State owns a road to the line, it cannot take a lease of a road outside as well as in the State.

Judge Thomas.—Then there is no stopping place; you might take the whole line to the Pacific, by way of Chicago and St. Louis?

Mr. Claflin.—Yes, sir. I don't see why the State should be restricted in that matter. I suppose the Albany road has a right to lease the New York Central if they could.

Mr. Barker.—Is there not a law of the State that forfeits the charter for such action?

Mr. Claflin.—The Boston and Maine Railroad is a road that exists in Maine, New Hampshire and Massachusetts.

Col. George.—But the basis of the road was in this State was it not? It gave them the authority didn't it?

Mr. Claflin.—Yes, sir; but afterwards the legislatures of Massachusetts, New Hampshire and Maine authorized the present corporation.

Col. George.—The Great Northern Railroad charter is of precisely the same character. It simply authorizes the existing union of the roads in the three States.

Mr. Claflin.—I don't see why the State should be limited

in its privileges, any more than any other corporation. I don't see why 5,000 stockholders should have any more authority than 1,500,000 people.

Col. George.—It is your idea to extend the general government as well as the State government. I suppose you have no doubt that the work at the government navy-yard is done very much more expensively than at any private shipyard. Is it not a fact that it cost three times as much to build a ship at the navy-yard, than at any other yard?

Mr. Claflin.—I don't think it is generally believed. I don't think it is a fact.

Col. George.—Well, supposing there are five hundred men in the navy-yard, and a similar number in East Boston. Do you think those in the navy-yard will accomplish as much in a day as those in the private ship-yard?

Mr. Claflin.—I doubt if they do.

Col. George.—Is it not pretty generally understood that the men in the navy-yard accomplish just about as little as it is possible for the same number of men to accomplish in a day's time?

Mr. Claflin.—That, very likely, is the case. Suppose I bring up the Boston post-office; can you run anything any cheaper than that is run? I happen to be a little more familiar with that than with the navy-yard. I think if you put thirty trustees over the navy-yard, of the best business men in Massachusetts, you would have a much better management than under the men who are educated by the government and maintained for life. You build a vessel at the navy-yard in order to get a better one than you can get outside. Why don't the public build this railroad? Why did they come to the State to get power and aid? Simply because they could not do it.

Col. George.—Pretty much all the public did in it was to furnish the money.

Mr. Claflin.—I don't know but that it was. But I say that the State managed that tunnel as well before as the contractors have since, and made as much headway day for day.

Mr. Barker.—Do you imagine that the engineers, firemen

and other employés would work for less wages than on other roads?

Mr. Claflin.—I think they would.

Mr. Barker.—You think the principle that will govern the superintendents would be carried through the whole line?

Mr. Claflin.—I think it would. They would think they had a permanent job, and would take less wages.

Mr. Barker.—When you were familiar with the Boston and Albany road was there ever any feeling which came to your knowledge that the local freighters were charged high rates in order that the through-freighters should have their freight carried through at a low cost?

Mr. Claflin.—I heard of such a feeling in the public.

Mr. Barker.—It was a subject of very frequent complaint?

Mr. Claflin.—Yes, sir.

Mr. Barker.—Of course the same question would have to be met in the management of a state road. Is it not a question that would keep the management of that road always before the legislature?

Mr. Claflin.—Yes, sir.

Mr. Barker.—Have you examined this bill with reference to seeing how this system would work in case the State should lose instead of making money? If you felt certain the State were to lose money would you advocate the plan?

Mr. Claflin.—In one or five years?

Mr. Barker.—In the long run.

Mr. Claflin.—I would not buy property to lose, and I don't think the State should.

Mr. Barker.—You don't think the necessity for reform in railroad management would authorize them to make a losing experiment?

Mr. Claflin.—No, sir; not if they knew it.

Mr. Barker.—If these thirty corporators were now invested with the management of this road, how do you suppose they would conduct business of it? by committees as by some manager.

Mr. Claflin. I believe the bill provides that they shall have an executive board.

Mr. Barker.—Do you think that would work in practice?

Mr. Claflin.—I do, sir.

Mr. Barker.—Do you think they would not find it necessary to place the whole power in the hands of one man?

Mr. Claflin.—No, sir.

Mr. Barker.—Take the case of the Boston and Albany road. When you were familiar with it, was that road managed by its president or board of directors?

Mr. Claflin.—Well sir, I think any gentleman here can tell that as well as I can. I don't care to make any comments upon the board.

Mr. Barker.—Do you think there would be any difference between the two cases?

Mr. Claflin.—I do, sir.

Mr. Morton.—Could not you get a more efficient president for this road than for any private corporation?

Mr. Claflin.—I think you would get the most efficient man in the country.

Mr. Morton.—Is not the successful management of railroads at the present time largely due to the one-man power?

Mr. Claflin.—No, sir, I don't think it is. I think the one man power to which I suppose you refer is an injury to the whole system all the world over. I don't believe in autocracy.

Mr. Morton.—In order to carry this line to Troy it would be necessary for some corporation to lease or take a majority of the stock of that portion outside the State?

Mr. Claflin.—I don't see any necessity for it. I don't see any necessity for the State to obtain entire control by buying stock. They can operate in conjunction with the Troy road or buy it if they wish to sell. I don't know that the State would want to go to Troy. If they could go directly through to the West they might prefer to do that.

Mr. Morton.—You see no difficulty in the way of this management, either in making mutual agreements for the line outside the State, or taking a lease of such portions of road as may be deemed expedient?

Mr. Claflin.—I don't see why a board of trustees cannot do precisely the same things that a railroad under the control of private individuals can do through its board of directors and president. I do not see why a greater ownership should not do the same things that a smaller one could. If you were to send a telegram to Mr. Vanderbilt, and ask if he would

make the same arrangements with the State that he would with private corporations, I think he would be rather offended if you should indicate that he would not.

HENRY J. NAZRO.

Mr. Henry J. Nazro, one of the members of the Boston Commercial Exchange was called as a witness by Mr. Morton, and gave the following testimony:—

Mr. Morton.—You have looked into the the question of railroad management to some extent?

Mr. Nazro.—Yes, sir; I have been interested, from the nature of my business for the last twenty-nine years, in looking into the subject of transportation, both by railroad and by lake.

Mr. Morton.—Will you state your business?

Mr. Nazro.—In 1844 I went West, and engaged in business and remained there for twenty-six years. During a portion of the time since I left that country I have been engaged in business in Boston. The business in the West was in turning merchandise from the West to the East. My present business (the flour and grain business) is to have transportation come from the West to the East.

Mr. Morton.—So that in your connection with business you have examined into railroad management somewhat?

Mr. Nazro.—Yes, sir; in a practical way as a business man. My interests largely depended upon it, and everything that has looked towards a beneficial result in any matter of transportation has attracted, to a certain extent, my notice.

Mr. Morton.—To come directly to the point, have you examined the bill which provides for the Atlantic and Ontario Trust Company?

Mr. Nazro.—In 1870,—I was a member of the legislature at that time,—their was a similar trust bill presented to the legislature, to which I gave considerable attention, and the general purport of which I agreed with. This present bill, now before the Committee, I have also looked at, and I am so thoroughly impressed with the practicability of it, that I have allowed my name to be used as one of the corporators.

Mr. Morton.—That you have done because you are in sympathy with the bill?

Mr. Nazro.—I am in sympathy with anything that will cheapen transportation ; anything that will tend to the general improvement and the good of Massachusetts of Boston ; anything that will tend towards centering business here, rather than having it diverted to some other seaport.

Mr. Morton.—Now so far as having the government hold the corporation is concerned, do you think it would be equally efficient or more difficult than the government of a private corporation ?

Mr. Nazro.—I see no reason why the management of the road should not be as well, and I think better conducted than it could be under the ordinary policy of a railroad.

Mr. Morton.—Do you see any disadvantage in the legislature electing from year to year, five trustees to act as trustees to run this line of railroad ?

Mr. Nazro.—During my experience in the legislature, there were two separate elections of directors, and each time we thought we elected very excellent men, one of whom I am very sorry to say, has been left out, much, I think, to the detriment of the State.

Mr. Morton.—Well, is there any reason why corruption should follow the election of trustees by the legislature to do railroad business, any more than it does the election of trustees to do any other business of the State, such as the charities or reforms ?

Mr. Nazro.—No, sir ; I think you could select certain men who would conduct the management of the road as properly and as correctly as thirty directors that might be appointed or selected to conduct the business of any other road.

Mr. Morton.—Now, have you examined the financial portion of the bill ?

Mr. Nazro.—No, sir ; I have not.

Mr. Morton.—Not whether you have verified the figures, but whether you know the general plan ?

Mr. Nazro.—I cannot say that I am particularly fitted to give any information or opinion on that point.

Mr. Morton.—Do you believe in state management of this line of railroad ?

Mr. Nazro.—I believe a company of this kind could be managed by state corporators very much to the interests of the

State. What we want (you will allow me to divert a little from your question) is a through line from here to the West entirely separate and distinct from any connection with the New York Central and the Boston and Albany. We want a competing line. We also want a means of transportation, so that in all seasons of the year merchandise can reach Boston at a reasonable rate. We don't want, when a bridge breaks down at Springfield, to be a week or more without a car-load of flour or grain reaching Boston. I contend that we need competition in order to bring down prices to a proper point. I might explain that, perhaps, by saying that in the summer time (I would take the month of August) the freight on a barrel of flour from Chicago to Boston, by way of the lakes to Buffalo, and from Buffalo here by rail, is ninety cents. We are paying to-day \$1.40. When the water competition is shut off, then the prices go up; or as the season approaches a close, when the rate of insurance is enhanced, then the rate of transportation by all-rail is also enhanced. Now I contend that a road properly managed can reduce the cost of food to every portion of this State through which that line runs, as well as at points connecting with the main line.

Mr. Morton.—Do you see any possible way of making this tunnel line a competing road, if not by its being taken possession of as a trust, or something of that nature, and run as a public benefit, instead of being given over to private corporations to be run for private benefit?

Mr. Nazro.—I am largely in favor of trying this system under this trust bill. I think with an arrangement of this kind business can be done more cheaply to the general public than it can if carried on by a stock company or by a series of stock companies.

Mr. Morton.—Well, is there any other possible way apparent to you to secure competition? Competition is generally followed by combination; I think that is the result of the testimony here. Now is there any other way of securing competition than by putting it so as to run it in the interests of the people?

Mr. Nazro.—I say that is just the way exactly to do it. I might state that if we want to get flour here that is to come over the Boston and Albany, we must go to a point far

enough away until we come to a competing point where some other line connects with Boston. The rate on a barrel of flour, the local rate, is, to speak within bounds, more than twice as large as the *pro rata* charge on through freight.

Mr. Barker.—Under this bill, Mr. Nazro, how do you think the road would be managed?

Mr. Nazro.—It would be managed by a board of five directors and the president.

Mr. Barker.—Your idea is that the thirty corporators would not have much to do with it, excepting twice a year?

Mr. Nazro.—My idea is that there is a provision in that bill, that if there is any difference of opinion among the directors, unless the directors are unanimous, then the balance are called in to decide it.

Mr. Barker.—But practically you think the corporation would be managed the same as every railroad corporation, by a small number of directors and the president?

Mr. Nazro.—I think it would be to a certain extent. There is a provision for consultation. Any great matter that would cause any division among the five directors, would have to be referred to the larger board.

Mr. Barker.—As I understand this bill, one-half of the corporators are to be residents of Boston and vicinity. Why is that provision put in there?

Mr. Nazro.—Now you are asking something I don't know anything about.

Mr. Barker.—Do you find as a matter of fact that the rates of through transportation are low enough?

Mr. Nazro.—No, sir.

Mr. Barker.—So that if you are one of those corporators your influence would go to lower those rates?

Mr. Nazro.—Certainly. That would be the way that the State is going to be benefited; by having a change.

Mr. Barker.—Probably these other corporators would have similar ideas?

Mr. Nazro.—I don't know; I should say that was a business question.

Mr. Codman.—This bill provides that dividends shall not exceed six per cent. annually. I suppose you would expect to see a great reduction?

Mr. Nazro.—My idea would be to fix a scale for all passengers and upon foreign business.

Mr. Codman.—I suppose you think the effect would be to make the other roads reduce their fares? In that case the Boston and Albany would depend upon competition?

Mr. Nazro.—They would depend upon competition.

Mr. Codman.—Do you think the Boston and Albany would take any great pains to serve the public, if that was all the remuneration they were likely to get? In other words, would not the next step have to be for the State to take the Boston and Albany road?

Mr. Nazro.—I should think it would be a very good plan if they would do so.

Mr. Codman.—Well, then, would it not be a good plan to take all the roads in the Commonwealth?

Mr. Nazro.—I don't know as I should do that, sir. I should be very much in favor, if a road would not do what it ought to do, if the State had the right to take it, to have them either threaten to take it or take it. I contend as a business man,—I don't want to find any particular fault with the Boston and Albany road,—but I do contend that the business of the State can be done to the advantage of the inhabitants of the State much better and much cheaper than it is done now, and there will be to the merchant the advantage of having a through line beginning here and terminating at Chicago. The merchant now has little troubles in regard to freight which it would be very agreeable to be rid of. You now have got to pay exactly what they say. Now in Canal times, if the rate was fifty cents, we only had to pay fifty cents; but now we may have to pay sixty. To be sure they will endeavor to collect back the ten cents of the sixty for you. They say "we are only a part of a great combination." I contend that they are just general partners in the whole transaction and have their per cent. of the profit. I complain that the rate can be and is imposed upon every day. I also understand that there are a great many of these little difficulties that ought to be settled right here in the State. I believe that a through line, with through connections under one government, will be found in that respect a great benefit and a great saving of trouble and merchandise. Then, if it was said the

rates were a dollar, it should mean a dollar, and it would not be as is now the case, that a bill of lading made out for one dollar will in reality be one dollar and five cents. We have so little interest in it that we cannot afford to make any trouble about it. We cannot butt against them, although we know we have a perfect right to do so. We have to submit to these things and we do; but I contend that a through line, properly controlled, not only would be a very great advantage to Massachusetts, but it would be a great relief to merchants doing business with it.

Mr. Bacon.—Won't you tell me what influence is exerted in the management of the Boston and Albany road by the state directors?

Mr. Nazro.—Well, sir, I don't think that I am prepared to give you such a reply as you would like.

Mr. Bacon.—Can you tell of any measures or policy that have been adopted by the road by their influence?

Mr. Nazro.—No, sir; I cannot. I only wish to speak of what I know about and not go outside of it. I only know that for the general interests of the merchants, when they lost Mr. Avery Plumer, they lost an excellent man. He is the only state director that I know much about.

HON. OTIS CLAPP.

Hon. Otis Clapp was called and made the following statement:—

Mr. Morton.—Whether or not you have examined the Atlantic and Ontario Trust bill?

Mr. Clapp.—I have examined it in some degree. I am acquainted with its general principles. I am acquainted with the objects that it proposes to accomplish, and these have my hearty concurrence.

Mr. Morton.—Do you believe it to be expedient for the legislature to pass that or a similar bill?

Mr. Clapp.—I do.

Mr. Morton.—Will you state to the Committee your reasons for thinking so?

Mr. Clapp.—It is a matter I have made extensive inquiry

upon, and I have endeavored to arrange my thoughts as briefly as possible, and submit them in writing.

Why is Hoosac Tunnel one of the Keys to the Commerce of the World? The answer is, that it is not only in the *direct line* of the greatest highway in this country; but also of that of the most civilized nations of the earth. Historians and geographers inform us, that there is a belt round the earth, in the northern temperate zone, about twenty degrees wide, within which all the races and nations most distinguished in the arts, manufactures, commerce, literature, civilization, have had their origin. In short, the brain, the intelligence and the activity of the world are mainly within this narrow belt.

It so happens, in the order of Providence, that our good old State and city are located near the centre of this belt. Nor is this all. The structure of this continent is such that the vast food-producing regions for the world; viz., the Mississippi valley and the valley of the lakes—are shut out from the Atlantic slope by two mountain ranges. One is the Green Mountain range, extending from Canada to Long Island Sound, some 300 miles. The other is the Alleghany range, extending from Canada to the State of Alabama, nearly 1,000 miles in length, and from 50 to 200 miles in breadth. Its course is nearly parallel with the Atlantic and from 50 to 130 miles distant from it. The Alleghany Mountains divide the waters which flow into the Atlantic on the east, from those which flow into the Mississippi and the lakes and the St. Lawrence. They rise 6,476 feet above the level of the sea, although generally not exceeding 2,500 feet.

It so happens that this Alleghany range has but one opening, or gateway, in its whole distance. The remarkable feature of this opening is, that it is a nearly level plain. It is drained by the Mohawk River, the summit of which is more than 100 feet below Lake Ontario, which flows into the Hudson at Troy. The great Erie Canal and New York Central Railroad connect the great lakes with Hudson River, through this opening in the Alleghany Mountains. This opening, therefore, to the lakes, the Mississippi Valley, the great North-West, Canada West, British America, and the Pacific slope and Ocean, causes this to be one of the largest thorough-

fares on this continent. It must soon be one of the largest in the world.

It so happens that if the Mohawk valley had continued to the Atlantic in a direct line, it would have pierced the Green Mountains at North Adams. These mountains are usually ten to forty miles in width. At this point, viz., Hoosac Mountain, fortunately, and, as I believe, providentially, the width is reduced to less than five miles. *Here is the location of the tunnel.* It is a striking fact, that the level of the old hotel on the Deerfield River, and that of the North Adams hotel, on the Hoosac River, do not vary six inches. When this opening is made, with two or more railroad tracks to the lakes and to Chicago, managed simply with the brains, the intelligence and energy that have characterized the Reading, the Pennsylvania Central and the Baltimore and Ohio Railroads, we shall find freight moving over this route amounting to millions of tons, instead of some 60,000 tons which passed from Albany to Boston over the Western Railroad in the first twenty years after it was opened.

Where is this tonnage to come from? Europe needs bread, and other supplies,—can we furnish them? The Mississippi Valley,—the most fertile and productive that the sun shines upon,—drains 1,237,311 square miles, and the St. Lawrence 600,000 square miles.

Miles of steam navigation on the Mississippi and its branches,	13,044
Miles of steam navigation on the Ohio and its branches,	3,292
Miles of steam navigation on the Missouri and its branches,	2,655
	<hr/>
	13,044
Miles of steam navigation on the Red River and its branches,	3,630
	<hr/>
	16,647

Compare this with the drainage of *our* great rivers on the Atlantic slope:—

Susquehannah River,	.	.	.	30,500 square miles.
Potomac River,	.	.	.	13,500 " "
Delaware River,	.	.	.	12,000 " "

Atlantic Slope and Mississippi and Lake Valleys compared.

The Atlantic slope has sixteen States,	
containing about	417,000 sq. miles.
Five of these States drain a portion into	
the St. Lawrence, the Mississippi and	
Gulf of Mexico, say	112,000 "

This makes the number of square miles
on the Atlantic slope, between Maine
and the Provinces, 305,000 sq. miles.

or, less than one-quarter the surface of the Mississippi; and about one-half of the St. Lawrence Valley; or less than one-thirteenth part of the United States.

This does not include *British America*, with one of the finest wheat regions in the world,—and which must find its way out to the great world, through the Lake and Mississippi Valleys, with its 2,480,000 square miles; and Canada West, with its 147,342 square miles.

Here is a territory (leaving out the Pacific slope), of nearly the size of Europe, with Russia included. But with Russia *not* included, more than double that of the rest of Europe. Here is a territory large enough, and productive enough, to support all the fifty to sixty governments of Europe, large and small. Indeed, Europe is already transferring her people into these favored regions.

Every one that becomes a *producer* of food, becomes a *consumer* of manufactures. There will, of necessity, be extensive commerce and travel between the Europe of the old world, with the Europe of the new. Shall it go by the direct route? Or, will you force it to go round, for want of facilities?

This state house stands directly in the route of what *should* be, and what *may* be, if we are true to ourselves, this great highway of the nations. Our State, at this point, is a little less than 100 miles wide. Lengthwise, it runs

west, and is nearly fifty miles wide, after passing Natick. Lengthwise, also, it points directly towards the artificial gate in the Green Mountains; the level pathway *through* the Alleghany Mountains; the Lakes; the Mississippi; the two railroads to the Pacific; to Japan and China; and thence onward, until we reach our present starting point. The present indications are, that we can soon make this excursion. But up to this time, we have but *one railroad running lengthwise through the State*. Why? It would be "competition." It might be an "artificial depression of rates." "Artificial" indeed! Is it not "artificial" to water stock to *keep up rates*? Have we not two lines to Lynn, Salem Newburyport, Fitchburg, Portland, Manchester, and so on? These are comparatively small cities. While the line we wish to establish, proposes to reach more than half the States in the Union, and to share the burden of carrying fifteen million tons of freight,—soon to be doubled.

While we have but *one railroad* running lengthwise *through the State*, how many are running at right angles, to intercept and carry business to other States? The Albany Railroad is tapped by not less than twelve railroads running at right angles.

Look at the competing points, where distances in *our* favor; but *prices are in favor of our rivals*. The consequences are, that millions in business have been lost to our city and State.

Mr. Atkinson deprecates competition. This is the old story. There is a difference between a *healthy* and a *destructive* competition.

Is not New England, and especially Massachusetts, the manufacturing district of the Union,—of shoes, cottons, woollens, furniture, etc., etc.

Hence the importance of *large facilities*, for receiving, and sending freight and passengers *direct* to all quarters of the Union, and to all parts of the globe.

Have we ever had them? We have not. And why? Because of certain *fixed ideas*, with regard to carrying freight, passengers, etc., etc. These fixed ideas must be *unfixed*, unless we are content to occupy a mere provincial position in the body-politic.

How many steambóat lines, and railroad lines, run from here to New York? There are several of each. Every ton of freight intended for the Lake region or the North-West, has to travel hundreds of miles out of the way when sent to New York. Why? Because facilities are not afforded, and high rates drive it from its natural course.

Take the town of Lee, as an example. It is equidistant between New York and Boston; but the price of freight was double from Boston. It was cheaper, in fact, to send freight from Boston to New York, and *then* to Lee,—more than double the distance,—than to send by way of Pittsfield. This is merely a typical case. At all competing points in Western Massachusetts or Vermont, the same thing has occurred.

Where railroads run through a sparse population, with only passengers enough to fill one car, the rate must necessarily be high. If there is enough to fill four to ten or twelve cars, the matter is entirely changed, and it is poor wisdom to couple them together in making estimates. Where the amount of freight, and number of passengers, are large, the rate can be largely reduced, and still be profitable.

The Western, or Albany Railroad: What it *has* done; and what it *has failed* to do. It has succeeded in aiding to build up a good *local business in its line*,—including Worcester, Springfield, Pittsfield, and intermediate towns. The other object,—that for which the road was designed, and for which the money was obtained, from the State, and individuals, viz.: *a through business with the West*,—has been in the language of ex-Mayor Bigelow, “a failure.”

This is *shown by its works*, and by its figures, as given in its reports. In the first eleven years of its existence,—from 1846 to 1856 inclusive,—it carried an average of 41,041 through passengers. During the same time, it carried from Boston to Albany, an average of 16,694 tons. Some railroads could carry this amount in two days!

They also carried from Albany to Boston, in the same time, an average of 56,392 tons. In 1847, they carried over 88,000 tons, and then ran down to one-half, and it has taken twenty-two years to come up to the average of that amount.

The reason was that high rates have driven this business to other channels, and to other cities.

In Draper's History of the "Intellectual Development of Europe," in speaking of the consequences to Europe of mechanical inventions, he says: "That in a short time after the mechanical arts were applied to manufacture of textile fabrics, so great was the improvement, that a man could do more work in a day than he had previously done in a year." "That manufacture was accompanied with such collateral events as actually overturned the social condition throughout Europe."

These were such as the invention of the steam-engine, the canal system, the iron manufacture, the locomotive, railroads, etc., etc. "Results" he continues, "not due to the placeman and officers to whom the continent had resigned its annals," "but to men in the lower walks of life." "The assertion is true, that James Watt, the instrument-maker, conferred on his native country, *more solid benefits than all the treaties she ever made, and all the battles she ever won.*" Shall these "solid benefits" be for the rich few, or the great mass?

George Batty Blake, says, that Oliver and Oakes Ames have so organized labor, that one Irishman, with machinery, will do the work of three hundred men without. It was the use of mechanical appliances, under their guidance, that put through the Pacific Railroad with such unheard of expedition.

One of the great wants of the age is cheap food. A bushel of wheat will bear transportation on earth roads but 350 miles, while on railroads, properly managed, it will bear transportation 3,500 miles, or ten times the distance. Railroads are fast going into the hands of rings, who run them in *their own interests*, instead of that of the public. They are all "trust companies," receiving their authority from the State.

There is an analogy between cheap bread and cheap letters. One is food for the mind and the other for the body. The government of Great Britain here affords us an interesting example. They have given her people cheap postage. The post-office of England is the most perfect human machine in the world. The old system of numerous rates and high prices was in operation in 1839, when it circulated seventy-six million letters. Under the new system of one rate, for one penny

(two cents), the number circulated in 1840 was 169 millions ; in 1847, 322 millions. It is now between one and two thousand millions in a year. The philanthropists and statesmen of England say that no act of the British government has ever before given such a stimulus to education, social affections, and morals. By it, also, the government gained the good will of its people. The post-office laws made a standing offer of premiums to any one who can discover methods to simplify and quicken the handling of letters.

Why cannot this system be applied to discover improved means of handling and distributing freight? Railroads are yet in their infancy, so far as serving the public is concerned. When they can be run on the great thoroughfares to accommodate the public, on the principles of the golden rule for *reasonable* dividends, instead of unreasonable profits to interested parties, a new spirit will be diffused into the body-politic. How long must this phase of the new civilization be postponed?

MR. EDWARD CRANE.

Mr. Edward Crane then submitted the following statements :—

Net Income of Boston & Lowell, Fitchburg, Vermont & Massachusetts, and Troy and Boston from present earnings, after consolidation.

NAME OF ROAD.	Net Income— 1872.	Amount to be paid for Road.
Boston and Lowell,	\$241,016 29	\$3,797,800 00
Fitchburg,	323,934 87	6,800,000 00
Vermont and Massachusetts,	169,522 65	3,146,000 00
Troy and Boston, 1871,	199,041 79	1,500,000 00
Total,	\$933,515 60	\$15,243,800 00

To this account should be added whatever may be realized from the sale of the Fitchburg station and grounds.

Net earnings of consolidated line,	\$933,515 60
Amount of taxes, (state and local) paid by said roads (1872),	138,742 93
Saving in running expenses, by consolidation, or five per cent. on \$3,689,194.85 (gross earnings),	184,459 74
	<hr/>
	\$1,256,718 27
Less six per cent. interest on \$15,243,800 proposed price of roads,	\$14,628 00
	<hr/>
Net income after consolidation from present earnings, independent of Tunnel,	\$342,090 27
	<hr/>
Seven per cent. of Bonded debt (\$5,256,626.91),	\$367,963 88

Number of Stockholders on various Roads for 1872.

NAME OF ROAD.	Number.
Boston and Albany,	4,931
Boston and Maine,	3,460
Eastern,	2,601
Fitchburg,	2,323
Boston and Lowell (\$500 per share),	893
Boston and Providence,	1,526
Vermont and Massachusetts,	977
Old Colony and Newport,	3,100
Total,	19,861

Statement showing increase of Manufactures from the Census Returns of 1870.

	1860.	1870.
Number of manufacturing establishments,	140,433	252,148
Number of hands employed,	1,311,246	2,053,988
Annual cost of labor,	\$378,878,966 00	\$775,621,593 00
Cost of raw material,	1,031,605,092 00	2,488,291,952 00
Aggregate value of manufactures,	2,346,764,216 00	4,232,625,092 00
Capital invested in manufactures,	1,000,000,000 00*	2,118,247,069 00

* A little over.

Cost of moving grain from Chicago to Boston by the proposed "Boston and Chicago Line."

The distance between Chicago and Boston by the proposed line is 975 miles. If we have a double track the entire distance, carrying grain only, and as through freight, run cars only eight miles per hour, it will cost us to move one million tons (or 33,000,000 bushels), exclusive of terminal expenses, without profit or loss, but making good all depreciation, \$4,170,000; or \$4.17 per ton; or $12\frac{6}{10}$ cents per bushel.

The cost of a double-track road the entire distance would be about \$103,608,000. In order, therefore, to get enough out of the road to pay for moving the above quantity of grain, pay the requisite dividends, and meet the wear and tear ac-

count, we must charge \$11.67 per ton, or $85\frac{36}{100}$ cents per bushel.

Return through freights may be taken at nominal rates and without affecting the profit and loss account.

Statement showing the cost of constructing and maintaining the Canals of New York, and showing also the receipts from 1821 till 1866.

Aggregate cost of canals, including cost of maintenance and legal interest on cost of construction and maintenance,	\$210,093,502 35
Aggregate receipts or income from canals, with interest thereon,	202,618,510 08
Present cost to the State of the entire canal system,	7,475,992 27
Length of canal system, 893.75 miles.	

Statement showing cost of line from New York to Buffalo, 442 miles of double track and 400 miles of branches.

In 1853, at the union of the various lines from Albany to Buffalo into the New York Central, the capital of the roads was as follows :—

Albany to Schenectady,	\$1,621,800 00
Troy to Schenectady,	650,000 00
Schenectady to Utica,	4,500,000 00
Utica to Syracuse,	2,700,000 00
Syracuse to Rochester,	5,608,700 00
Rochester, Lockport and Niagara Falls,	2,155,100 00
Buffalo to Lockport,	675,000 00
Buffalo to Rochester,	3,000,000 00
Rochester and Lake Ontario,	150,000 00
	<hr/>
	\$21,060,600 00

At the time of the union there was paid to the several corporations, in premiums on their stocks, ranging from

17 to 55 per cent., \$8,894,500 00

Carried forward, \$8,894,500 00 \$21,060,600 00

<i>Brought forward, . . .</i>	\$8,894,500 00	\$31,060,600 00
To this add the Mohawk Valley Railroad, which had no existence except on paper, . . .	1,575,000 00	
Also the Syracuse and Utica Direct,	600,000 00	
Also for stocks held by the various roads, which were paid for by bonds of the New York Central,	817,000 00	
Also for certificates issued and afterwards converted into stock in the New York Central,	23,036,000 00	
Also premiums to Hudson River Company at the time of consolidation,	17,123,800 00	
	<hr/>	52,046,300 00
Capital stock of Hudson River Company,	15,358,590 93	
Bonded debt of New York Central and Hudson River Railroad in 1866,	15,231,719 00	
During the past year (1872) there has been added a bonded debt of	\$40,000,000 00	
Out of which it is proposed to pay the previous bonded debt of	15,231,719 00	
	<hr/>	24,768,281 00
Total,		\$128,465,490 93

Statement showing capital stock, bonded debt and length of Lake Shore and Michigan Southern Railroad.

The Lake Shore and Michigan Southern Railroad has been made up of several smaller ones, the chief of which are the Michigan Southern, the Lake Shore and the Buffalo and Erie.

The capital stock at the present time is \$50,000,000; and the bonded debt \$25,000,000.

About \$20,000,000 of this amount represents watered stock, for which there was never a dollar paid into the treasury.

The road consists of 539.97 miles of main land from Buf-

falo to Chicago, of which 94.49 miles is double track, and 533.88 miles of branches.

Statement showing the estimated gross receipts from 1869 to 1873 inclusive, of the Fitchburg, Boston and Maine, Eastern, Lowell, Boston and Providence, Old Colony and Boston and Albany Railroads.

Actual receipts,	. . . . .	\$89,472,392 21
Estimated receipts,	. . . . .	89,553,690 44
		<hr/>
Estimate over actual,	. . . . .	\$81,298 23

REMARKS.

Mr. Crane went on to say : If you will take a map and follow this line through to the shore of the lake, and along the shore of the lake to Buffalo, then you have reached that point by five miles shorter route than any other. You have tapped the Erie Canal at Troy ; tap it again at Buffalo on your way. Then what have you done ? There are 500,000 tons of petroleum oil carried over land every year. What part of it does Boston get ? 28,000 tons. Where does it go ? To Europe. That is what makes your commerce. Why don't you have it ? Oh, because you cannot get to Boston as cheaply as to New York. Go down and ask Mr. Downer ; he will tell you we export 480,000 tons of oil, and Boston exports nothing. Yonder South Boston flats can be taken by this tunnel line in connection with this oil region, and we can compete successfully with any city on the seaboard. What shall we devote those 200 acres of flats to ? Simply use them for an oil depot filled with oil on its way to Europe. Then push the line further and gain Chicago. You have got Ogdensburg. Take your Albany road, that's what I mean. Push it straight through to Pittsfield, down below Williamstown, and make that junction carry the Housatonic road through. Then you have got a line of railroad from Boston which will furnish plenty of business. How much. Mr. Rierson says three-fifths or sixty per cent. of all the freight that crosses the bridge comes into New England. Good ; take that sixty per cent. and turn it from that blue line and it

will weaken that watered stock and bring it back to good solid pure stock, or one or two things will take place. They will be obliged to lessen their rates and they will be obliged to do for the people of New York that which every man has long been praying for. It can be done ; it must be done ; and the way to do it is through a trust company. You may take this bill from the first to the last, section after section, and the reasons, the whys and the wherefores are well worked out. I commend it to your consideration.

I wish to say one thing more to the Committee, to wit : by what authority I use the names in that bill ; I will give it.

BOSTON, January 14, 1873.

MR. EDWARD CRANE.

DEAR SIR :—Approving of the plan of state ownership and corporate management, as reported by the legislative commission on Cheap Transportation in 1870 ; also, approving of the consolidation of existing railroads with the Hoosac Tunnel and the construction of the Atlantic and Ontario Railroad to Lake Ontario, together with the leasing of other lines to Chicago under one management, you are hereby authorized to use my name as one of the thirty corporators in the bill for the Atlantic and Ontario Railway trust Company.

This is signed by Henry Smith, George O. Brastow, Otis Clapp, ex-Governor Claflin and forty others. I could easily obtain five hundred if it were necessary.

The Committee then adjourned till Tuesday, March 4th.

REPORT

OF THE

SEVENTEENTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

MARCH 6, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

NO. 19 PROVINCE STREET.

1873.

SEVENTEENTH HEARING.

Mr. Charles C. Coffin submitted the following statement in regard to the cost of transportation by different routes and at different seasons of the year.

COST OF TRANSPORTATION.

Wheat was carried from Chicago to Buffalo in 1871, according to the report of the Buffalo Board of Trade, at the following rates :—

By Steamers.

In May,	.	.	.	.	.	3 to 4 cents per bushel.
June,	.	.	.	.	.	4 to 6 “ “
July,	.	.	.	.	.	6 to 7 “ “
August,	.	.	.	.	.	6 to 7½ “ “
September,	.	.	.	.	.	7 to 18½ “ “
October,	.	.	.	.	.	11 to 18½ “ “
November,	.	.	.	.	.	8½ to 13½ “ “

The distance is 936 miles. It is stated that there is a profit in carrying grain between those ports at four cents, or at the rate of 1½ mills per ton per mile.

The season average of freight on wheat from Buffalo to New York by the Erie Canal, including tolls, for five years has been as follows (see report N. Y. Produce Exchange, of February 10, 1872) :—

1868,	.	.	.	.	.	15.06 cents per bushel.
1869,	.	.	.	.	.	14.07 “ “
1870,	.	.	.	.	.	11.02 “ “
1871,	.	.	.	.	.	12.70 “ “
1872,	.	.	.	.	.	13.00 “ “

The average is 13.36 cents per annum.

The following statement from the annual report of the Buffalo Board of Trade for 1871, shows the rates on the dates specified :—

April 24, to May 6,	.	.	.	.	.	12 cents per bushel.
May 13,	.	.	.	.	.	12½ “ “
May 20,	.	.	.	.	.	11 “ “
May 27,	.	.	.	.	.	11 “ “
June 3,	.	.	.	.	.	10½ “ “
June 10, to June 24,	.	.	.	.	.	10 “ “
July 1,	.	.	.	.	.	10½ “ “
July 8,	.	.	.	.	.	11¼ “ “
July 15, to July 29,	.	.	.	.	.	11 “ “
July 29,	.	.	.	.	.	11¼ “ “
Aug. 5,	.	.	.	.	.	12 “ “
Aug. 12,	.	.	.	.	.	11 “ “
Aug. 19,	.	.	.	.	.	12 “ “
Aug. 26,	.	.	.	.	.	12¼ “ “
Sept. 2,	.	.	.	.	.	12½ “ “
Sept. 9,	.	.	.	.	.	13½ “ “
Sept. 16,	.	.	.	.	.	14 “ “
Sept. 23,	.	.	.	.	.	14 “ “
Sept. 30,	.	.	.	.	.	14 “ “
Oct. 7,	.	.	.	.	.	14 “ “
Oct. 21,	.	.	.	.	.	14 “ “
Oct. 28,	.	.	.	.	.	16 “ “
Nov. 4,	.	.	.	.	.	16 “ “
Nov. 18,	.	.	.	.	.	16 “ “
Nov. 25,	.	.	.	.	.	17 “ “

From this, and from the statement in regard to the cost of lake freights, it will be seen that there was a steady advance in rates from August first, when the new crops were being forwarded, to the close of navigation. It will be seen also that the great bulk of grain carried by lake and canal cost from twenty to twenty-five cents per bushel.

The tolls on the canal prior to 1870, were 6.21 cents on wheat, and 4.83 on corn; since that year they have been 3.15 cents on wheat and 2.89 on corn.

Taking the average for the five years at 13.36 cents between Buffalo and New York, we have the cost as follows :—

From Chicago to Buffalo,	4	cents
“ Buffalo to New York,	13.36	“
	<hr/>	
	17.36	cents

All-Rail Transportation.

During the year 1871, the rates between Chicago and New York as agreed upon by the railroads for grain in bulk, per 100 lbs., were as follows:—

Jan. 1 to Jan. 16,	60	cents per 100 lbs.
Jan. 17 to March 8,	55	“ “
March 9 to April 6,	50	“ “
April 7 to June 12,	45	“ “
June 13 to July 8,	40	“ “
July 10 to Aug. 10,	45	“ “
Aug. 11 to Sept. 20,	50	“ “
Sept. 21 to Oct. 1,	55	“ “
Oct. 2 to Oct. 24,	60	“ “
Oct. 24 to Dec. 31,	65	“ “

It will be seen that the lowest rate continued less than a month; that by far the largest portion of grain transported during the year was at the high rates. These rates by the ton per mile would be as follows:—

At 45 cts. per 100 lbs.	0.84 cents per bushel,	23.86 cts.
50 “ “	0.95 “ “ “	26.93 “
55 “ “	1.05 “ “ “	29.78 “
60 “ “	1.16 “ “ “	32.80 “
65 “ “	1.26 “ “ “	35.73 “

By Lake to Buffalo, Rail to New York.

Taking the rate from Chicago to Buffalo by the Lake, at four cents, and from Buffalo to New York by rail at the autumn rate of \$1.05 cents per ton per mile we have the following:—

Chicago to Buffalo,	4	cents
Buffalo to New York, 500 miles, by N. Y. Central and Hudson River at 1.05 cents,	15.80	“
	<hr/>	
	19.80	cents

This is 2.44 cents higher than the average on the Canal ; but we are to keep in mind the fact that the rates on the railroad were kept down nearly to the rates on the Canal during the summer months, and that there was an advance in the rates on the Canal as well as upon the railroad during the autumn.

Chicago and Boston,—Tunnel Route.

From Chicago to Oswego by the lakes and Welland Canal 1,078 miles ; at $1\frac{1}{3}$ mills per ton per mile, and 25 cents per ton through Welland Canal we have the following statement :—

From Chicago to Oswego,	5.33 cents
From Oswego to Boston, 343 miles, at 1.05 cents per ton per mile,	9.86 “
	<hr/>
	15.19 cents

This shows a difference in favor of Boston as follows :—
Over the lake and canal route 2.17 cents per bushel ; over the lake route to Buffalo, thence by rail to New York 4.61 cents per bushel ; over all-rail from Chicago to New York, 14.98 cents.

Midland and Oswego Railroad.

When the Midland and Oswego Railroad is completed, New York will be twenty-four miles nearer Lake Ontario than Boston ; but the grades will be in favor of the tunnel line. This coupled with the fact that Boston is one day nearer England than New York, and also with the well-established fact that grain can be transhipped at less cost here than at New York, would enable the Boston shippers to secure that trade.

The Position of New York.

On the tenth of February last, the New York Produce Exchange held a meeting to take into consideration the threatened diversions of trade from the Erie Canal to other channels. In the report of the committee appointed to take the subject into consideration we find the following statement (p. 12) :

"A cent or two per bushel, or even a fractional part of a cent per bushel, will change the currents of trade."

I call the attention of the Committee to this statement so frankly admitted; for behind it lies the great future of this city and Commonwealth.

Grain Movement.

The grain movement since 1868 will be seen from the following exhibit by the New York Produce Exchange:—

	Received at Lake Ports.	Received at New York.	Transported by Canal.
	Bushels.	Bushels.	Bushels.
1868,	122,434,037	70,068,428	52,426,300
1869,	137,363,124	64,447,421	40,625,240
1870,	133,751,061	68,895,632	38,116,600
1871,	167,543,863	88,712,785	55,283,100
1872,	170,600,383	90,481,922	53,701,100
Total in five years,	731,692,468	382,606,188	240,152,340
Average per annum,	146,338,494	76,521,237	48,030,468

Of the 76,521,000 bushels received at New York, about 50,000,000 per annum are exported.

Time.

In the report and memorial of the Detroit Commercial Convention, made to Congress at its last session, in regard to a ship-canal around Niagara, the speed of steamers on the lakes is set at eight miles per hour. With these data we have the following time by the several routes:—

Chicago to Buffalo,	117 hours.	
Buffalo to New York by Canal,	288 "	
		————— 405 hours.
Sixteen days and twenty-one hours.		

Chicago to Buffalo,	117 hours.	
Buffalo to New York by rail,	50 "	
		————— 167 hours.
Six days and twenty-three hours.		

The reason is obvious. The wheat-crop of the West does not begin to move before the middle of August, while the corn-crop does not move till near the close of navigation between Montreal and Liverpool. It is not possible for Montreal to become the one great grain-port of the Atlantic coast, with the port closed for five months out of the twelve. It is manifest, without demonstration, that the longest line of lake traffic and the shortest line of railway traffic between the grain-fields of the West and an open Atlantic port will be the cheapest line of carriage. That Boston occupies such a position, needs no further elucidation.

Ocean Carriage.

Freights on grain in bulk between Montreal and Liverpool in 1871, ranged as follows:—

	Lowest.	Highest.
May,	16 cents, gold.	23 $\frac{1}{3}$ cents, gold.
June,	22 “	24 “
July,	17 “	24 “
Aug.,	23 “	24 $\frac{2}{3}$ “
Sept.,	23 “	26 $\frac{2}{3}$ “
Oct.,	27 “	30 “
Nov.,	26 $\frac{7}{8}$ “	28 “

The same rates, substantially, ruled during 1872. The largest portion was carried at from 22 to 24 cents per bushel.

The rates from Boston in 1872, were 12 cents per bushel (gold) in January; 9 cents in May; 10 cents in June, July and August; and reached its highest, 15, in September. The average through the year was almost 13 cents.

The rates from New York to Liverpool in 1872, were 12 cents in January; 15 cents during the summer, rising as high as 29 cents in September, with an average through the year of 17 $\frac{1}{4}$ cents.

The rates from San Francisco to Liverpool in October last, were 56 cents, rising to 71 cents in January, and 72 cents in February.

The rates between Odessa and Liverpool vary from 35 to 45 shillings per ton, and average about 37 cents a bushel.

The amount of wheat shipped from Russia to England in four years, is as follows :—

1869,	.	.	.	.	.	.	.	15,263,880 bushels.
1870,	.	.	.	.	.	.	.	17,115,990 “
1871,	.	.	.	.	.	.	.	26,049,000 “
1872,	.	.	.	.	.	.	.	29,677,733 “

It is in the power of Boston to secure, not only a large share of the present foreign grain-trade of this country, but a very large proportion of that between England and Russia.

In this connection I call your attention to the following extract from an editorial in the New York “Evening Post” March 5th :—

Europe and the Mississippi Valley.

It is certainly a fact that the leading commercial work of the day which surpasses all other works in magnitude and comprehensiveness is the improvement of the means of transport between the Mississippi valley and the markets of Europe. In former ages the great lines of commerce ran from Europe to Brazil and the Asiatic coasts. At a later time half the capital of the world was absorbed in the commerce between England and India. To-day it is the Mississippi valley that commands more money, ships and enterprise than any other part of our habitable globe. And this because it has become the grand food-producing area of the world, and, with the region further West, must remain so for centuries.

The rival powers now contending for the trade of this vast region are represented by all the main trunk railroads which reach the Atlantic coast—the New York Central, with its western connections and that with Boston; the Erie, the Pennsylvania and the Baltimore and Ohio. Besides these are the Canada roads, the Chesapeake and Ohio (unfinished), and a new trunk line just completed, making a connection between St. Louis and Port Royal, South Carolina. It has hardly dawned upon the world yet that this vast combination of capital and machinery has for its principal object the trade in food-products, and especially in the food-products of the Mississippi valley and the West.

The leading fact is, that the consumption of the world is famishingly close upon the heels of production. No circumstance is more significant of this than the feverish anxiety with which the quotations of grain and corn are watched in all markets, and especially in Europe. The slightest rumble of war sets every nation to hoard-

ing grain. The failure, as we may call it, of the meat supply in Europe throws a prodigious demand over our agricultural products of every kind. Two combinations have been formed in England recently—one for the supply of beef from Texas, the other to improve the facility of transport between the Mississippi valley and the Atlantic coast. The latter is projected with reference to the supply of food generally; and it is remarkable that it should originate in England instead of in the United States. It signifies, what has been long known, that the means of transport between the West and our shipping ports are managed in the interest of a few monopolizing corporations, and that the public service for which their charters were granted is held of secondary consequence. But yet further, it signifies that the transport is altogether inadequate to the service. Even in our best supplied Eastern markets the mass of people suffer for want of a wholesome variety of food through a great part of the year, especially in winter, while in the West they burn their corn for fuel.

The entire Mississippi valley is in actual blockade for want of the means of transport. We have heard the estimate of food-products now stagnated at the great shipping points, Chicago, Detroit, Buffalo, St. Louis, Cincinnati, and the country generally, placed indefinitely, by a well-informed railway president, at "millions upon millions of tons." There is no doubting the facts.

The organization of a company in England to examine into the causes of hindrance, and, if possible, to remove the obstructions to transport between the Mississippi valley and the Atlantic coast, is certainly a fact of extraordinary meaning. There is capital behind this measure. A stated commission has been sent out, which has established its headquarters at St. Louis, having decided, after examining the several centres of distribution, that the work could be best facilitated from that point.

It is interesting to know, in view of this great food problem, that a new line of railway has just been completed between Augusta, Georgia, and Port Royal, South Carolina. The last rails were laid on Saturday, March 1, and the opening of the road is announced. This gives what the South has never yet had, a deep-water harbor on the Atlantic coast. Port Royal has long been known as second, in its favorable topography and the depth of its channel, not even to the harbor of New York. The triangulation by Captain C. O. Boutelle, under the direction of the late Superintendent of the Coast Survey, A. D. Bache, shows a minimum depth of twenty-four feet at low-water to the docks of the port. Captain Boutelle says, in describing the harbor: "The entrance is easy, and is now well marked by buoys, so placed that it is only requisite to sail from

buoy to buoy, leaving each on the side indicated by its color, to enter or leave the port without a pilot. By a first-class port I mean one into which any vessel yet built can enter."

As if nature intended to leave nothing wanting to renew the fertility of the soil in the South, it is in the immediate vicinity of Port Royal that inexhaustible beds of bone-phosphate have been recently discovered. St. Louis may be assumed as the central point from which this invaluable fertilizer may be most readily distributed over the Mississippi valley. It is distant from Port Royal 946 miles, a shorter distance by 250 miles than between New York and St. Louis. With this difference in its favor, there appears to be no reason why the Southern roads leading to the Atlantic may not carry on a successful competition with the Northern, and force the latter to adopt more liberal ideas of business than they now entertain.

MR. JAMES W. BROOKS.

Mr. James W. Brooks, president of the Michigan Central Railroad, made the following remarks :—

Mr. Chairman,—I think there are some questions under discussion here from day to day that are not so clearly comprehended by the Committee as they might be if the report which the commissioners got up,—the first report,—had been arranged in a somewhat different way. But coming to the question of increased business ; from the beginning of the growth of the West in sending grain toward the seaboard for export, it was evident that the growth was so strong and so regular that I was convinced that by the time the tunnel was completed there would be a use for it and for all the remaining roads. I felt then, as I feel to-day, that the Northern road was a very strong road ; and some correct remarks have been made since I have been here, that the roads having the most water-line upon them are a large portion of the year found to be the strongest lines. The Northern road gets that more than any other has, or can get, and I have felt that when we started the tunnel the Northern road was in existence, and the Western Railroad being the best, was on hand, and if we got another it would be a third route. But just as we are getting this third route comes up the question whether you shall return from the three routes to two routes again.

The consolidation between the tunnel road and the Western Railroad, or with the Northern Railroad, will carry you back to the two roads that we had before the tunnel was built. It seems to me, that to go back from the three routes that we hoped to get smacks somewhat of commercial suicide. All the reasons which have been advanced for that consolidation seem to turn upon the question of terminations, upon the question of the right way to take care of the freight that will come over the road. Now, it would sound very queer to us in the West (when I used to be there) to say that Boston reduced her number of routes to the West because somebody has got a piece of marshland, because somebody has got control of a certain area which can be used for depot grounds. It seems to me a trifling reason for which to reduce competition between here and the West to give such an excuse as that. It seems to me to be beneath the great dignity of the question, and I should hope the Committee would think the subject of more roads between Boston and the West of too great importance to be decided upon such slight grounds.

I do not intend to talk but a little upon each one of the points, because I don't feel able to do so. My health is not sufficiently good to allow me to be here very long.

With reference to the State's carrying on this line and extending it to the West, and holding a road from here to Chicago. In my experiences I have been very firmly convinced that one man would work for another man, not only cheaper, but he will give more industry for a day's work, and will give more value for a day's work when working for a contractor than for a corporation; and that he will give more work when working for a corporation than when working for the State.

When you give a laborer about seventy-five cents a day, which was about the price when we estimated the cost of the tunnel, he does a solid day's work. When he gets \$1.25 he does less, and when he gets \$1.50 or \$1.75, which has been the ruling price at the tunnel of late, the man does about two-thirds as much as he did before. When the price gets high the person does not get so much. The laborer is more independent, and thinks his labor is worth searching for, as it is. It makes a wonderful difference whether the men are seeking

the work, or the contractors are looking after men ; that influences the case to a very large degree. Though perhaps it is not proper for me to talk upon that subject, that has had a great deal to do with the cost of the tunnel. It was estimated in times of very low prices, and the prices have gone up very high, and of course it has cost very largely more than it was estimated. It has been built continuously, with the exception, perhaps of the first year, which was lost by what might be called, perhaps, political management ; but on the whole the tunnel has come out at about the time we estimated, I think, inside of a year.

Now, when you come back to the roads from here to the West they are all very high cost roads. They are watered stock and all that sort of thing. The watering of stock has, of course, been very much in the way, and has increased the cost of the line very much. You must not forget, in considering this question, the fact that though these roads have this large amount of watered stock hanging over them like an incubus, they were built when labor was cheap, and you cannot duplicate them at their original stock, though perhaps you could do it at a great deal below the waterings of the stock and the original cost. And when you come to build these roads under state management, at the high price we are paying now, and have for a long time been paying, you cannot duplicate them under state management for a great deal more than they have cost. You will get all the increased cost due to the times, and with the closest management it will be very much greater ; so I say, any estimates made as to the cost of creating a new line will nowhere approach the actual cost.

The Chairman.—Would not some of the work be done much cheaper ?

Mr. Brooks.—Handicraft, sir, costs less.

The Chairman.—How about steam-shovels ?

Mr. Brooks.—Steam-shovels were used thirty years ago, but they don't use them to dig rocks with. Pretty soon after I was engaged in works of this sort, steam-shovels came in.

I want to say a word, if you please, about the obscurity which seems to have surrounded the value of the tunnel,—I don't mean its value to us, but its value *per se*,—the value of the road to itself. It seems to me that that in my report is

stated very definitely. Supposing it to be made part of the line from here to Albany or to Troy, it does not seem to me that the value which is to be charged for the use of the tunnel is at all in the dark. I think you will find the question illustrated pretty fairly in the report. The route from here to Troy is built upon the route from here to Albany. It is brought into use solely by reason of the construction of the tunnel. Now if you take the road from here to Troy and put that in the same condition as the Western road is from here to Albany, there is a certain portion of that distance that should be accorded to the tunnel. The addition is about 10 per cent. If 10 per cent. be the addition that belongs to that, then, if the 10 per cent. of the earnings of the Boston and Troy road be given to the tunnel—I mean gross earnings, not net earnings, because the excess of distance that is saved by the tunnel is not distance that has got to be worked and supported. It is not a distance that requires any excess. They have got to make but 180 miles and get pay for 200 miles, if that be the basis, any it is about that. Then this 10 per cent. having been funded, the State is compensated for the use of the tunnel and the rest is applied to pay just so much per mile as the Boston and Albany earnings amount to. So that taking off the 10 per cent. leaves the line just where its competitor is,—just the place commercially where it is fair to put it. I don't say that it is fair to put it there; that is a question of opinion among men, which you have to consider. If you wish to place this road between us and Troy, in a stronger position to compete for the trade of the West than the Boston and Albany road is, you might charge for less than the full value of the tunnel in proportion to its shortening power. Then they will be all that much stronger as a competitor of the Boston and Albany road. It seems to me that the ground-work is laid out, and when rightly considered it will come up in the shape I have been speaking of, for the shortening of the distance, assigning that tunnel and taking out of that distance an amount of its earnings sufficient to leave just the number of miles of earnings which they think proper for the roads to receive as their part of it, and then you will give exact justice and leave them just where they were before. Of course you must understand that the tunnel,

dividing everything *pro rata*, must have its mileage in that,—that is the mileage of gross earnings out of which the expenses shall come. Suppose if you please that the State is going to retain it,—say it retains five, six or seven miles. Then there are so many miles which could be parted with by the State. Suppose they retained 10 miles. Then if they were doing exact justice to the other lines they would take 10 per cent. of the gross earnings from Boston to Troy for themselves as net, and they would take their mileage out of which shall come their proportion of the expenses for working the line, and then you come at the sum which belongs to the State as an owner in the line and as the owner of the tunnel.

Now we come to the question whether the tunnel shall be used by other people. I have thought in the beginning that the tunnel should be either retained by the State, or that it should be so controlled by the State, in whose safe hands it is placed, that the line on each side of the tunnel, beside the present line, would have equal rights with the present line. For instance, there will be a road built at the west end to connect with the Albany and Susquehanna line, so that coal will reach us by the shortest route. Then there are other roads running toward Boston. There is the Massachusetts and perhaps some others. If they all had the right to go through the tunnel at the rate which the tunnel line paid for it, the road would always be at hand. If the rate from Boston to Troy, from point to point, was four dollars, and there was a division made, forty cents of that, or ten per cent. would go to the tunnel unreduced by expenses. Then there is a small amount which comes out of that which they pay on like the rest of the line. The thing is not going to be in the dark. Everybody else who wishes to use the tunnel will have the same price. Either you will fix that so that people may use it and pass through it upon that stated rate which the present tunnel line would have to contract for if they take it, or it would be controlled by the State as I have mentioned. This obscurity with reference to the tunnel in its relation to the present tunnel line, or to such new lines as may come to it will be disposed of. I suppose the obscurity with reference to the value of the tunnel to the tunnel line has brought about a great deal of timidity, for there has been a great deal of tim-

idity on the part of the Fitchburg road. They have not money enough they say to do this work. I cannot but allude in this connection to a piece of work of mine a great many years ago. Very soon after I went West there was a railroad some $13\frac{1}{2}$ miles long for sale, a strap road from Galena to Chicago, and a few of us in Boston, myself among the number, bought it for \$125,000. We took up that strap rail and extended that road and we never lacked money for it. The traffic, popularity and business of the road furnished abundant security. Now I should like to give you two or three items of what the business has been for the last eight months. It brought into Chicago 18,092,000 bushels of grain. Altogether it has come a pretty long track; I believe it is 1,263 miles long. I wish to say that with the growth of business the ability will be always found where you have got business to do. The business will bring its profit. You will always have money enough. There is no such thing as a prosperous railroad being short of money. It is out of the question. It would be a most curious management, one which we cannot comprehend it at all, if a road has a large business and a large business in prospect, that it should not prepare for the business. This road has grown to 1,263 miles, and has carried eighteen million bushels of grain and is crowded all the time, and the prospect is that it will do twice as much business in a year or so if we prepare for it. The road now uses three hundred locomotives, and six thousand freight cars which stand on thirty-five miles of track, so that little road has grown to what it is now simply because all the business which is pressing upon it, and every other line that runs between here and the West will get the ability to grow out of the business which will be furnished if the facilities are provided. We are not doing on this road what we ought to do, simply because we are clogged up. Our warehouses are filled and all the vessels are waiting for navigation to open. The road is really choked up, and has been half the time for the last two years.

The Chairman.—You say it is choked at the present time?

Mr. Brooks.—Yes, sir. We have more than 2,000 loaded cars standing upon our side tracks because there is nobody that can take away the freight. In the summer time, during

navigation last year we were very much embarrassed. The price of grain on the lakes had been for two or three years too low ; there hadn't been sufficient profit to call into existence a sufficient number of vessels to keep up with the growth of trade. Last year the prices became excessive, and the result is that it has brought an excess of keels into existence. There is no vessel yard upon the whole length of the shore that has not been employed since last midsummer, and next year we expect a very large excess of lighter craft, so that we shall not be wanting for lake transportation.

Judge Hoar.—What is the name of the road?

Mr. Brooks.—The Chicago, Burlington and Quincy, is the one I have been talking of.

Now about this export trade from Boston. Of course we are very much interested in that at the West. We feel that there is one embarrassment, and that is the matter of return loads. New York has a very large proportion of the internal commerce, the arriving commerce arriving very largely at New York ; and that furnishes them with plenty of facilities to get freights, so that the vessels that are to-day arriving in New York, it will be very hard to get into Boston. When you get such a communication with the West as will bring any grain here, that will be the next embarrassment,—the export trade from Boston. But it seems to me there is a cure for that. The large cities of the West are filled more or less with very enterprising merchants. They are merchants on a large scale. There are those who do a business of twelve or twenty millions per year. There are larger merchants in Chicago than in Boston ; and they are very much disposed to import their own goods, and goods can be got through Boston easier than they can be got through New York. The expenses are less, and so I think if the merchants of the West can be induced to import their goods through Boston very largely, there may be brought to this city a large quantity of vessels that cannot be otherwise brought here. You have nothing to do but to bring the vessels here to get a large quantity of commerce to pass to and from Boston. That seems to me to be the wisest way of doing it ; to make such arrangements with the Western importers of the large cities of the West that they shall get their goods through Boston.

I don't mean to have anything to do with buying and selling goods here, but if they can be induced to import their goods through Boston, that with the ordinary trade of the city and of New England, will furnish a very large number of vessels, and perhaps can be made to keep up with the demand for vessels for the export trade which will regularly increase in volume.

I should be glad to answer any questions that may be put to me.

Judge Hoar.—Do you find any objection to the Chicago, Burlington and Quincy road making radiating connections,—spreading out as it goes west or south?

Mr. Brooks.—No, sir; we go west about five hundred miles, and then I think we drain a country of about two hundred miles on the Missouri River. We don't find that objectionable. I don't find any number of feeders objectionable.

Judge Hoar.—You don't find that it impairs the efficiency of the road?

Mr. Brooks.—No, sir.

Mr. Toohey.—What would you do with the line from Greenfield to the state line? Give it away?

Mr. Brooks.—I don't see you should. I said that if you wished the tunnel to be used as I thought it ought to be, the tunnel could be held by the State, and so much at each end of the tunnel as would make the approaches. If the State is going to hold the tunnel for all who come to it, it has got to hold a piece of the road at each end.

Mr. Toohey.—Would you hold the whole of it?

Mr. Brooks.—I don't see the same reason for holding the whole of it that there is in holding that part at each end which is necessary to the junction with the tunnel. I think gentlemen are somewhat mistaken with regard to the manner of using this tunnel. I think the tunnel will be run by independent engines; it will be run by smoke-consumers, the same as the underground roads in England. They will be very large engines, and will be able to take two or three freight trains at once. I don't think there will even be allowed but one train in the tunnel at any one time, but it will be managed somewhat differently and can be managed separately from the tunnel line.

Mr. Toohey.—Supposing you consolidate all the way to the tunnel, within ten miles of this side, to Shelburne Falls with fifty millions, and Vanderbilt came along the other side, how long would the State stand up under that?

Mr. Brooks.—I don't contemplate doing such a foolish thing as that, sir. I suppose the interest of the line would be to unite, but they would not unite the tunnel, which the State would control.

The Chairman.—I suppose you haven't any doubt as to the amount of business that will be furnished when this line is completed? You think it will be sufficient, don't you?

Mr. Brooks.—I have no doubt that it will. I have had some little experience in that matter in Massachusetts for the last three or five years. Before that time, for ten years, the Western road seemed to be as fast asleep as Rip Van Winkle. They finally awoke, put on additional equipment, doubled their track, and, curiously as it might appear to them, the business has grown as fast as they have been ready for it. I believe they have never had a surplus of moving stock unoccupied. I think the whole question has been settled, of increase of business, if you call it such.

The Chairman.—I also judge from your remarks that you think it would be very advantageous to have a road through to the lakes independent of the New York Central?

Mr. Brooks.—I think a road from Boston to the lakes would be a very strong road eight months in the year.

Mr. Allen.—Whether it is your opinion that the State should have a separate engineer, board of officers and track-master to take charge of this portion of the road that includes the tunnel, or how you would propose to have that done?

Mr. Brooks.—That could be done in two ways. The State could operate it itself under some small organization, or it could, having decided how it would be done, having put its locomotives upon it, it could delegate the power to the tunnel line for a period, with the right to take it at any time when there was any difficulty.

Mr. Allen.—Should you think it would be expedient for the State to organize a little board of officers to take actual charge of the tunnel or to make regulations?

Mr. Brooks.—I should rather incline to think it would be

best to keep it and put it in charge of the tunnel line. That is my impression about it.

Mr. Allen.—Do you mean for this State to keep it, and furnish the engines, keep them in repair, etc.

Mr. Brooks.—The State should deliver the engines of the tunnel into the care of the tunnel line. Of course the tunnel line would repair the engines and take care of them. We have a case somewhat analogous to that. We have at Quincy a bridge across the Mississippi River, costing \$750,000. The Hannibal and St. Joseph road, the Chicago, Burlington and Quincy road, and the Toledo, Wabash and Western road have leased that road, and it has been found convenient to assign that bridge, the care of it, to one of the contracting parties, and it has been assigned to the Hannibal and St. Joseph Railroad. They do the whole work of that bridge, having their compensation for it. It is a temporary arrangement.

Mr. Allen.—Do you think that the careful management of the tunnel should be in the hands of some one party?

Mr. Brooks.—I have not a question that it should be in the hands of some one party.

Mr. Allen.—One management?

Mr. Brooks.—Yes, sir; it might be in the hands of the tunnel line for the time, and in case there should be any difficulty, it might occupy such a position that the State should take charge of it and assign it to some other parties. If there was a reasonable apprehension of jealousy on the part of the tunnel line, the State might take it out of their hands. I should think such regulation could be made with regard to its use by the tunnel line, that the tunnel line could not render it less convenient for the approaching lines that were somewhat in rivalry to them than to themselves. I think the lines that connect with the tunnel line who wish to use it should feel the positive assurance, not a questionable one, that when they build a road to that tunnel, they can get through it at the rates which the tunnel line gets through it. It would encourage them to put in their money and build their roads. They won't do such things on uncertainties.

Mr. Allen.—But the actual management of the tunnel you would have entrusted to some one power?

Mr. Brooks.—To some one power; I have no doubt of it.

Mr. Allen.—Do you consider that essential?

Mr. Brooks.—It seems to me so, sir. We have a case where independent people run engines over some of our best road, and over a long piece of it. In connection with this very bridge that I have spoken of, at Quincy, we have twenty-two miles of road that a rival line wish to use, and they run over it under our regulation. We assign them their time as we assign our own. But that is done where you can see a great ways, and where a careless man would not do quite as much mischief as he would here. I would not want to do some things on these crooked roads here that we can do in the open country.

Mr. Allen.—About the cost of bringing coal from Albany to Troy by the railroad which is now owned by the Delaware and Hudson Canal Company. The distance is about six miles; and from Troy to North Adams is a little less than forty-eight miles. The highest grade is about thirty-nine feet to the mile. By this projected road that you speak of from Albany to North Adams, the distance is fifty-one miles and the grades are from sixty-five to seventy-five feet. I want to know——

Mr. Brooks.—Cannot you complicate that question a little more for me to answer on a snap shot?

Mr. Allen.—Which of those two roads would haul coal cheapest?

Mr. Brooks.—Of course, the one that had the low grades, unless the high grades are very short. It is not always the highest grade that limits a road. It is the highest grade of a sufficient length.

Mr. Allen.—Do you know about that country from Albany to North Adams?

Mr. Brooks.—I have not the slightest idea of it.

Mr. Allen.—You don't think it would follow, then, that it would be a cheaper way to bring coal, assuming that their grades are sixty-five or seventy-five feet and the other line was three miles longer than we now have?

Mr. Brooks.—All things else alike, of course it would be very much cheaper to carry it on the low grade line. But a short grade does not limit a road. It is the grade that is

long enough to make it necessary for the engines to take the train from a standstill or somewhere near it.

Mr. Allen.—I understand that they have to rise six hundred feet in fourteen miles in that projected road from Albany to Adams?

Mr. Brooks.—That has got to be done by main strength, then. I should not think it would afford a very favorable road for hauling coal cheaply.

Mr. Crane.—You state that a new line from the lakes to Boston would have a large business to do for eight months in the year. Why do you limit it to eight months in the year? Suppose you furnish depositories on the lakes for the grain as fast as it should arrive, without any regard to its being carried away at the time, but store it there, but you store it there cheaper than it can be stored any where else, would there be any question that the vessels would pile up a quantity that would keep you busy for the other four months?

Mr. Brooks.—You cannot get rid of going back to the farmers. We want to carry the freight from the farmer to the seaboard as fast as the farmer brings it in.

Mr. Crane.—That is, by rail?

Mr. Brooks.—I don't care how it is done, whether by rail or by water.

Mr. Crane.—If you deposit it on the lakes and hold it there by cheap rates of storage and cheap insurance, won't you be likely to have a reservoir there that you can draw from during the winter?

Mr. Brooks.—My impression is that the road that would carry it through to the seaboard at once would have the preference over that which undertook to store it.

Mr. Crane.—Now if you can put the extra amount of grain that would come over the lakes into a reservoir at cheap rates of storage and cheap rates of insurance with a certain price for transportation, and can issue warehouse receipts that shall be good anywhere, won't you be likely to retain it and hold it for the steamers?

Mr. Brooks.—No doubt you would; but it would go smoother if it went right across the ocean.

Mr. Crane.—Provided you have a double-track road from Boston to Lake Ontario through Hoosac Mountain, under one

president, one superintendent, with a line of railroad reaching to Ogdensburg shorter by twenty-five miles than by any other road, 280 miles from Boston, reaching the lake at 335 miles, with a double-track laid in connection with it into the city of Buffalo, and laid to the Niagara River to Lewistown, in connection with the Great Western of Canada, and in harmonious connection with the Michigan Central, is there any question as to the amount of business there would be?

Mr. Brooks.—I should not think there would be.

Mr. Crane.—Do you think it would be likely to pay six per cent. on its cost?

Mr. Brooks.—I should say if the State could make six per cent. on it other parties might make ten per cent.

Mr. Crane.—I premise, first, that there is to be one president, one superintendent, managing in utter disregard of the State, putting it into the form of a corporation management, is there any question about its being a dividend-paying road?

Mr. Brooks.—I am not quite so free to estimate things ahead. I cannot help going back to experience somewhat.

Mr. Crane.—How many stockholders have you in the Michigan Central?

Mr. Brooks.—About two thousand.

Mr. Crane.—Do they manage that property?

Mr. Brooks.—No, sir; no more than the state directors of the Boston and Albany road run that road,—not a bit.

Mr. Crane.—You mean that the state directors of the Boston and Albany road are nothing more than the fifth wheel of a coach? I ask you whether your stockholders run your trains?

Mr. Brooks.—You know that the Michigan Central stockholders live in all parts of this country and in Europe.

Mr. Crane.—Is it practical for two thousand men to run a railroad?

Mr. Brooks.—I should not think it was.

Mr. Crane.—Is it practical for one thousand men?

Mr. Brooks.—When you want to know how railroads are run efficiently, I will say they are run very largely by the one-man power. If a road is to be a great power in the land for transporting property it is run by one man. You put a man at the head of the road that is just the right kind of a man

and you cannot find a board of directors of twelve men that will equal him. Take two parallel roads, one in the hands of twelve men and one in the hands of one man, and he will whip the others all out.

Mr. Crane.—Good! Now I want to ask you another question. If to-day you were applied to to take the presidency of a railroad corporation, disconnected from the State, with a line from Boston to Chicago, on the line which I have described, whether it is not essential for the president to have absolute and entire control of that property?

Mr. Brooks.—I don't see why you should couple that question with the idea of my being president, when I have been spending so much time in trying to get out of this business. You know that is just what I have stated before. If a man be fit for his position he will carry an intelligent board of directors with him. I don't think I have ever had one tie-vote, nor a dozen nays, in all my connection with railroads, since 1835. If a measure will not carry the board I give it up. I don't mean a current majority. I mean practically to carry the whole board.

Mr. Crane.—Do you find in your experience that those directors who own the most of the roads are the best directors?

Mr. Brooks.—That, of course, cannot be so. Because the man who owns the largest amount of stock rarely would happen to be the very best man for a director. The best man you have on your board is the best man you can find among your stockholders. The coincidence would not happen once in a thousand times.

Mr. Crane.—So, then, it is not essential for a man to be a large stockholder?

Mr. Brooks.—It is best that he should be a large stockholder.

Mr. Crane.—To what extent?

Mr. Brooks.—There is no limit.

Mr. Crane.—Should he own a quarter part of the stock?

Mr. Brooks.—Well, we have about \$65,000,000, and we have no one that owns one-quarter of it. I think our largest stockholder holds \$16,000.

Mr. Crane.—Well, in selecting a board of directors, is it ability or ownership that is regarded?

Mr. Brooks.—You select from the large stockholders, and find among them a board to manage the line. These large holders, if they are in the management, are generally men of capital and fortune, and they increase their confidence in the management of the road; and they will become larger stockholders, so that in the aggregate our managers are large holders.

Mr. Crane.—In case of a division in your board, or in a railroad ordinarily, is the corporation a body that you can appeal to, aside from the simple casting of votes,—are the stockholders a deliberative body that you can submit vexed questions to?

Mr. Brooks.—I never had any experience in that way. I never had a contest with the board of directors or the stockholders. I have no recollection of having any nay votes. My experience has been all the other way.

Mr. Crane.—Have you any doubt but that if the State owned \$15,000,000 out of the \$20,000,000 of the Boston and Albany to-day, that it would not be as successfully managed as it is now.

Mr. Brooks.—I don't think it would make any difference.

Now, Mr. Crane, as you have been asking me a great many questions, you alluded yesterday in my hearing to how much money the Michigan Central Railroad Company expended to pay counsel and lobbyists when they bought that road. I can tell you all about it. I was a boy, then, although I made the trade with the State. Nobody went out there to represent the interests that were buying that road but myself. There was no money spent. I doubt if my whole property would have been sufficient to have paid that legislature five dollars each. There was no attempt at anything of the kind. The charter was passed, with a good deal of opposition among the parties, but it was passed without any bribing or corruption of any kind. I may be pardoned for saying (what you seem to doubt) that once in a while there is a legislature that don't do such things. I think there is much more honesty in

legislatures than you do. I think they are a purer body. I think there was nothing of that sort going on at all. The speculation made by the purchasers was made out of the mortgages of the State of Michigan. They were very low in the market. Practically the State was bankrupt and they bought the securities, and a large part of the payment was in the securities of the State, and a certain amount of money, about \$200,000, was paid to the current expenses, which had accumulated because the State was running behind in the management. So much money was paid as would relieve its creditors, and the rest was payable in the securities. Until I had raised within about \$600,000 of the money to pay for the road, there was not a Boston subscription, and there was no one that I knew personally. I got one single letter from John C. Green. So I was there and buying the road among strangers. There was the germ of the road, and there was no bribery used.

MR. CHARLES BARRETT.

Mr. Charles Barrett submitted the following statement with reference to the distances on the various lines from Boston to Chicago, and in relation to canal and lake transportation:—

Mr. Chairman and Gentlemen,—It is asserted that the proposed road to Oswego will make a part of a new route to the West, many miles shorter than any other; that it will be a continuous and independent line, competing with the New York Central, and that, at Oswego, it will connect Boston with the most favorable point for the eastern terminus of the navigation of the great lakes.

I have seen no specific evidence placed before this Committee to sustain those assertions, and I do not think they can be sustained.

To save time I have put in writing my ideas upon those points, together with some statistics bearing upon the question of state ownership, and with permission of the Committee I will read them.

The distances from Boston to Chicago by the present Boston and Albany route are as follows:—

Boston to Albany,	201 miles.
Albany to Buffalo,	297 "
Buffalo to Detroit via Loup line and Glencoe,	225 "
Detroit to Chicago via Michigan Central Air line,	272 "
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Total,	995 miles.

A line thirty-seven miles long has been surveyed between Pittsfield and Albany, which it is said the Boston and Albany Company propose to build when necessary, and which, when built, will shorten the distance between Boston and Albany thirteen miles. This line constructed would reduce the distance from Boston to Chicago, by the Boston and Albany line, to 982 miles.

The shortest existing route—assuming the tunnel to be completed—is via Hoosac Tunnel, Troy and Boston and New York Central Railroads to Buffalo, thence via International Bridge—which is now on the eve of completion—and Loup line of the Great Western Railway to Detroit, and thence via Michigan Central Air line to Chicago according to the following distances :—

Boston to Fitchburg, Fitchburg Railroad,	50 miles.
Fitchburg to Greenfield, Vermont and Massachusetts,	56 "
Greenfield to Mass. State line, Troy and Greenfield,	42 "
Massachusetts State line to Troy, Troy and Boston,	42 "
Troy to Buffalo, New York Central,	301 "
Buffalo to Detroit, Loup line Great Western,	225 "
Detroit to Chicago, Michigan Central Air line,	272 "
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Total,	988 miles.

The saving of three miles to be made on Vermont and Massachusetts, will reduce the distance from Boston to Chicago, by this Hoosac Tunnel, Troy and Boston and New York Central route to 985 miles.

Report of third hearing, page 7, Edward Appleton testifying, gives distances by the proposed new route from Boston to Chicago via Hoosac Tunnel, Oswego and Lewiston as follows :—

Boston to Johnsonville, New York,	174 miles.
Johnsonville to Oswego,	178 "
Oswego to Lewiston,	143 "
Lewiston to St. Catherine's,	10 "
St. Catherine's to Detroit,	219 "
Detroit to Chicago,	284 "
<hr/>	
Total,	1,008 miles.

Mr. Appleton states that sixteen miles will be saved on Michigan Central, by the new line between Jackson and Niles,—meaning the air-line. The actual distance saved is, however, only twelve miles.

He also states that sixteen miles more may be saved, by extending from St. Catherine's, to the new line from Buffalo to Glencoe,—meaning the Loup line.

Trains can now pass from St. Catherine's over part of the Welland road, and by the Loup line to Glencoe, but without any shortening of distance worth mentioning, and judging from the relative position of the two lines as shown upon the map, it seems hardly possible to connect them by any new line that would materially shorten the distance between St. Catherine's and Glencoe.

Mr. Appleton further states that twelve miles may be saved by building fifteen miles of road from Fulton, west, to join the Lake Ontario Shore Railroad, instead of going into Oswego and out again.

This last twelve miles, together with the twelve miles saved by the Michigan Central Air line, and three miles saving to be made on Vermont and Massachusetts, deducted from the 1,008 miles, reduces the distance from Boston to Chicago by the proposed Hoosac Tunnel, Oswego and Lewiston route, to 981 miles.

To complete this route, it will be necessary to construct 193 miles of new railroad in the State of New York, together with a new and expensive bridge across the Niagara River at Lewiston, and 10 miles of railroad in Canada, to connect the Lake Ontario Shore Railroad—now said to be in process of construction—with the Great Western Railway at St. Catherine's.

The Railroad Commissioners in their annual report, just

issued, second page, say that as an approximation, it may be estimated that the average cost per mile of an equipped road is \$60,000.

Conceding that the Lake Ontario Shore Railroad may be completed from Oswego to Lewiston, and that the expensive bridge over the Niagara River, and the 10 miles of railroad in Canada, may be built, to make a connection with the Great Western Railway at St. Catherine's, it is still difficult to justify the expense of constructing 193 miles of railroad in the State of New York, at an estimated cost, when equipped, of \$60,000 per mile or \$11,500,000, with a view to the shortening of distance between Boston and Chicago, only four miles below the existing Troy and Boston and New York Central route.

Report of 3d hearing, page 16, Mr. Comstock, of Rome, testifying, says that Mr. Joy, President of Michigan Central Railroad, states that the distance between Lewiston and Chicago is to be shortened down by improvements now in progress and contemplated, to 447 miles, and Mr. Comstock claims that when this is done, Chicago by the Tunnel line, will be brought within 924 miles of Boston.

The actual distance from Lewiston to Chicago, via the proposed new bridge, and line to St. Catherine's, when built, and thence via Detroit and Michigan Central air line, will be 501 miles instead of 447 miles, and the actual distance from Boston to Chicago, via Hoosac Tunnel, Oswego and Lewiston would be 981 miles as before stated, instead of 924 miles as claimed by Mr. Comstock.

Mr. Derby, in his argument, 4th hearing, page 26, claims that by the proposed new route via Hoosac Tunnel, Oswego and Lewiston, the distance to Chicago will be shortened more than 120 miles from what it is to-day by Cleveland and Toledo, the route followed by the New York Central Vanderbilt line.

The distances to-day by that route are as follows :—

Boston to Albany,	201 miles.
Albany to Buffalo,	297 "
Buffalo to Toledo, via Sandusky,	291 "
Toledo to Detroit, via air line,	233 "
<hr/>	
Total,	1,022 miles.

Mr. Derby makes his comparison with the *longest* existing principal route. The distance by the Oswego route, being 981 miles as shown, the shortening is only 41 miles, instead of 120 miles as claimed by Mr. Derby.

Making the comparison with the *shortest* principal route, via Hoosac Tunnel, Troy and Boston and New York Central, the shortening is only 4 miles.

It is said that the proposed Oswego line will make a new and independent route, competing with the New York Central.

The existing route, via the Troy and Boston Railroad, is objected to, because it brings the line in subjection to the New York Central.

The Lake Ontario Shore Railway, connecting at Oswego with the New York and Oswego Midland Railroad, constitutes a continuous line from Lewiston, via Oswego to New York City, separate and distinct from the New York Central.

If the Oswego line is constructed, at a cost of many millions, it will then be in subjection to the Lake Ontario Shore Railway—a New York road—and more millions must be expended, either to control that road or build another, to a connection with the Great Western Railway at Lewiston.

It is understood that the Michigan Central is now run in harmonious connection with the Great Western Railway.

Mr. Derby says, 5th hearing, 1st page, that Mr. Joy, President of the Michigan Central Railroad, is Directing Superintendent of the Great Western Railway.

Mr. Lansing Millis, Agent of the Grand Trunk and Vermont Central line, states that the New York Central, Great Western and Michigan Central, combining, have lately fixed rates to New York City and to Boston, and that the line which he represents, was compelled to adopt those rates, or abandon their connection with the Michigan Central at Detroit.

Just so will it be with the continuous and independent line, when it has reached Lewiston.

It will still be, as at Troy, in complete subjection to the New York Central, and before it can be relieved from that subjection, and become in fact, a continuous and independent line, it must either control the Great Western and Michigan

Central Railroads—whose combined capital and debt are now about \$65,000,000—or build a new road from Lewiston, through Canada and Michigan, across the net-work of railroads composing the Great Western, Michigan Central and Lake Shore and Michigan Southern systems, 500 miles to Chicago, and provide terminal facilities therefor.

As bearing upon its prospects as a new route, competing with the New York Central, I quote from the testimony of Mr. Charles Francis Adams, Jr., Massachusetts Railroad Commissioner, at a Boston, Hartford and Erie hearing, in April, 1870. (See Senate Document 133 of that year.)

Page 440.—Mr. Adams says, that taking things as they are, there is no advantage in having more roads opened between Boston and the West, for this reason. Boston now receives freight, via Boston and Albany, at the price New York receives it. New York is the point of competition, and the roads will not carry to Boston for less than they carry to New York.

Page 444.—Mr. Adams says, New York Central can compete with any other road that runs north or south of it. Can give it 40 per cent. and then starve it to death.

Much force is given at the present time to Mr. Adams' testimony, from the fact that the New York Central is now laying down, at an immense cost, two additional tracks from Albany to Buffalo, for freight purposes, thereby nearly trebling its capacity, and at the same time reducing the cost of transportation.

Mr. Joy testifying, seventh hearing, forty-sixth page, says he thinks the New York Central will, in spite of all that can be done, command a very large portion, almost the main traffic of the West, if they enlarge their capacity, so as to be able to do it.

The proposed road passes through a country naturally tributary to New York, and whose commercial relations are, and will be, with that city.

Oswego, by the proposed route, will be 350 miles from Boston. She is now connected with New York city by three railroad lines.

Via Oswego and New York Midland,	285 miles.
“ Syracuse and Binghamton,	325 “
“ “ “ Albany,	329 “

Rome, by the proposed route, will be 290 miles from Boston. She is now connected with New York by 250 miles of railroad, via New York Central and Hudson River.

Johnstown, by the proposed route, will be 225 miles from Boston. She is now connected with New York by 190 miles of railroad, via New York Central and Hudson River.

Ballston, by the proposed route, will be 200 miles from Boston. She is now connected with New York by 173 miles of railroad, via Troy, Albany and Hudson River.

I therefore raise the question, whether, so far as local business is concerned, the proposed Oswego road would not be used principally for short distances, as a feeder to the New York Central and other lines running to New York city.

It is also said that a principal object in the construction of this new line through the State of New York, is to connect Boston with the navigation of the great lakes, at the most favorable point, namely, Oswego, 1,100 miles from Chicago, or from Duluth, by water, and 350 miles by railroad from Boston.

The immediate enlargement of the Welland Canal, from its present capacity of 400 tons, to a capacity sufficient for the passage of vessels of 850 tons, is determined upon.

When completed, the largest class of vessels, from Chicago, or from Duluth, can pass through the Welland Canal into Lake Ontario, thus greatly cheapening the cost of transportation to Ogdensburg, or to Oswego, because, as is well understood, large vessels can carry cheaper than the small ones, such as are now able to pass through the Canal.

Oswego, however, will *not* then be the most favorable point for the eastern terminus of the navigation of the great lakes, *so far as Boston is concerned.*

A charter of the most favorable character has been granted by the Canadian Parliament, for the construction of the Caughnawaga Ship Canal—thirty miles in length, and with only twenty-five feet of lockage—from a point on the River St. Lawrence, at the Indian village of Caughnawaga, about

nine miles above Montreal, to a point on Lake Champlain, near St. Johns, and about sixty miles above Burlington.

The canal will be of a capacity sufficient to allow the passage of vessels of 850 tons—same capacity as Welland Canal when enlarged—and can be constructed for less than \$3,000,000.

The Welland Canal enlarged, and Caughnawaga Canal constructed, vessels of 850 tons, carrying 40,000 bushels of grain, or barges hauled by tug-boats, can go, either from Chicago, or from Duluth, through Welland Canal and Lake Ontario, past Oswego and Ogdensburg, down the River St. Lawrence, through Caughnawaga Canal and Lake Champlain, to Burlington, 234 miles by rail from Boston, or to Ticonderoga, 201 miles by rail from Boston, or to Whitehall, 193 miles by rail from Boston, *in seven days' time*.

By constructing fourteen miles of railroad from Whitehall to Middle Granville, on the Rutland and Washington road, Whitehall can be brought within 220 miles of Boston by rail via Eagle Bridge, on the Troy and Boston Railroad and Hoo-sac Tunnel.

Mr. James F. Joy, President of Michigan Central Railroad, testifying, seventh hearing, sixtieth page, says, that the shipping interest can carry grain from Chicago to Buffalo—450 miles—at five per cent. per bushel and make money.

The same shipping interest could therefore carry grain from Chicago, through the enlarged Welland Canal—paying one cent per bushel for tolls—to Oswego, 1,125 miles, for eight cents per bushel, and make money.

The same shipping interest could also carry grain from Chicago, or from Duluth, through the enlarged Welland Canal and through the Caughnawaga Canal—paying two cents per bushel for tolls—to Ticonderoga, on Lake Champlain, 1,400 miles, for eleven cents per bushel, and make money.

It is generally conceded that one and one-half cents per gross ton per mile is about the lowest rate at which the railroads in this country can carry freight in large quantities and make money. The present charge for transportation of grain from Chicago to Boston, by railroad—1,000 miles—is seventy cents per hundred, or a trifle over one and one-half cents per

gross ton per mile, and equal to forty-two cents per bushel of sixty pounds.

Upon the same basis, the charge for transportation of grain from Oswego to Boston, by railroad—350 miles—would be fifteen cents per bushel of sixty pounds.

Upon the same basis, also, the charge for transportation of grain from Ticonderoga to Boston, by railroad—200 miles—would be nine cents per bushel of sixty pounds.

I therefore assume, that with the Welland Canal enlarged, and the Caughnawaga Canal built, the *relative* charges for transportation of grain from Chicago to Boston, will be as follows :—

By rail from Chicago to Boston, 1,000 miles, .	42	cts.	per bushel.
By water from Chicago to Oswego, 1,100 miles,			
8 cents, and by rail from Oswego to Boston,			
350 miles, 15 cents,	23	“	“
By water from Chicago to Ticonderoga, 1,400			
miles, 11 cents, and by rail from Ticonderoga			
to Boston, 200 miles, 9 cents,	20	“	“

It is evident, from the facts before stated, that grain can be transported from Chicago, or from Duluth, to Boston via the lakes and Ticonderoga, at a cost of three cents per bushel less than via the lakes and Oswego.

It is also evident that grain can be transported from Chicago to Boston via the lakes and Ticonderoga, for about one-half the cost of transportation by railroad.

I submit, therefore, that when the Welland Canal is enlarged, and the Caughnawaga Canal built, Oswego will *not* be the most favorable point for the eastern terminus of the navigation of the great lakes, *so far as Boston is concerned*, involving as it does the construction of 193 miles of railroad in the State of New York, at an estimated cost, when equipped, of \$11,500,000, nearly the whole of which, Boston capital will be expected to furnish, but that Ticonderoga, or Whitehall, or Burlington, on Lake Champlain, *will* be the most favorable points, inasmuch as those places are now connected with Boston by railroads, already built and in operation, and largely equipped, and running through a section of New England that is entirely tributary to Boston, thus furnishing to

that section as well, the cheapest possible transportation of breadstuffs from the West.

With this route established, Boston merchants can furnish breadstuffs to all the interior of New England, from their supplies stored in elevators at the ports on Lake Champlain.

The question of State assumption of ownership, has been ably argued by Mr. Charles Francis Adams, Jr., and by Mr. Edward Atkinson, but neither of those gentlemen have touched upon the financial and business aspects of the undertaking, as shown by the reports of different railroad corporations. Mr. Adams assumes, in commencing his argument, eighth hearing, fourth page, that a large business awaits the opening of the tunnel. Gen. Stark, of the Lowell road, and Mr. Wm. B. Stearns, of the Fitchburg road, however, express an entirely different opinion. Mr. Adams also thinks that the discussion of details is wholly premature; that we are talking upon a subject of which we know nothing, and that we have not the figures, nor the legal information, requisite for a full consideration of the subject.

On the twelfth page, Mr. Adams says, "We now find ourselves crowded forward, without any part of that information that is almost necessary to correct decision in the matter." As a part of that necessary information, I submit to the Committee the following statistics, which, without thought of using them in this connection, I had prepared previous to the delivery of Mr. Adams's argument, from reports for the year ending September, 1872:—

ROADS IN THE TUNNEL LINE.

Capital and debt September 30, 1872,—

Fitchburg capital,	\$4,000,000 00
Vermont and Massachusetts capital, \$2,860,000 00	
Vermont and Massachusetts debt,	900,000 00
	<hr/>
	3,760,000 00
Troy and Greenfield, House document 401, year 1872 estimate,	12,000,000 00
Troy and Boston capital,	\$1,600,000 00
Troy and Boston debt,	1,900,000 00
	<hr/>
	3,500,000 00
	<hr/>
	\$23,260,000 00

Materials on hand September 30, 1872,—

Fitchburg,	\$150,100 00
Vermont and Massachusetts,	63,100 00
Troy and Boston not known.	

Miles of Railroad.

	In the line to Troy.	Branches.	Total.
Fitchburg,	50 miles.*	42 miles.†	92 miles.
Vermont and Massachusetts,	56 “ †	24 “ †	80 “
Troy and Greenfield,	42 “ †	—	42 “
Troy and Boston,	42 “ †	—	42 “
	190 miles.	66 miles.	256 miles.

* Double track.

† Single track.

Gross Earnings.

Fitchburg, year ending September 30, 1872, in- cluding fifteen miles Troy and Greenfield,	\$1,350,000 00
Vermont and Massachusetts, year ending September 30, 1872, including fifteen miles, Troy and Green- field,	557,200 00
Troy and Boston. year ending September 30, 1872, including seven miles Troy and Greenfield,	517,000 00
	<hr/> \$2,424,200 00

Miles run by Engines.

Fitchburg, year ending September 30, 1872,	716,200
Vermont and Massachusetts, year ending September 30, 1872,	249,300
Troy and Boston, year ending September 30, 1872, estimate,	180,000
	<hr/> 1,145,500

Equipment.

	Engines.	Passenger Cars.	Baggage Cars.	Eight-wheel Freight Cars.
Fitchburg,	38	46	12	702
Vermont and Mass.,	13	19	8	274
Troy and Boston,	13	13	6	222
	<hr/> 64	<hr/> 78	<hr/> 26	<hr/> 1,198

*Boston and Albany at date of Consolidation, November 30, 1867,**Capital and Debt.*

Boston & Worcester—capital,	\$5,000,000	
debt over available assets,	412,000	
		\$5,412,000
Western—capital,	\$8,725,000	
debt over available assets,	1,777,000	
		10,502,000
		<hr/> \$15,914,000

The sum of \$15,914,000 includes Grand Junction Railroad and wharf property purchased by Boston and Worcester, prior to date of consolidation, for about \$500,000. The railroad was repaired and property improved by the consolidated Boston and Albany company.

Materials on Hand.

Boston and Worcester, November 30, 1867,	\$261,500 00
Western, November 30, 1867,	461,500 00
	<hr/> \$723,000 00

Miles of Railroad.

	In line to Albany.	Branches.	Total.
Boston and Worcester,	45 miles.*	31 miles.†	76 miles.
Western,	148 “ *	17 “ †	165 “
“	8 “ †	— “	8 “
	201 miles.	48 miles.	249 miles.

* Double track.

† Single track.

Gross Earnings.

Boston and Worcester, year ending November 30, 1867,	\$1,942,500 00
Western, year ending November 30, 1867,	4,086,700 00
	<hr/> \$6,029,200 00

Miles run by Engines.

Boston and Worcester, year ending November 30, 1867,	783,600
Western, year ending November 30, 1867,	1,840,300
	<hr/>
	2,623,900

Equipment, November 30, 1867.

	Engines.	Passenger Cars.	Baggage Cars.	Eight-wheel Freight Cars.
Boston and Worcester,	40	68	14	412
Western,	103	52	16	1,703
	<hr/>	<hr/>	<hr/>	<hr/>
	143	120	30	2,115

Boston and Albany Line at the Present Time.

Capital stock, September 30, 1872,	\$19,664,100 00
Debt, September 30, 1872, over available assets,	3,576,600 00
	<hr/>
	\$23,240,700 00

Value of materials on hand September 30, 1872, . . \$1,226,000 00

Main line of railroad; miles of double track,	201
Branches; miles of single track,	48
	<hr/>
	249

Gross earnings, year ending September 30, 1872, \$9,259,600 00

Miles run by engines, year ending September 30, 1872, 4,883,000

Equipment, September 30, 1872, 206 engines, 181 passenger cars, 46 baggage cars, 4,113 eight-wheel freight cars.

The financial and material condition of the Boston and Albany consolidated line five years ago, was as follows :—

Capital stock and debt,	\$16,000,000 00
Annual gross earnings,	6,000,000 00
Materials on hand valued at,	700,000 00
Equipment on hand worth,	3,000,000 00

Two hundred and forty-nine miles of railroad, 193 miles of which was double-track.

The financial and material condition of the tunnel line to-day, is as follows :—

Capital stock and debt, including cost of Hoosac	
Tunnel,	\$23,000,000 00
Annual gross earnings,	2,400,000 00
Materials on hand valued at, say,	300,000 00
Equipment on hand worth, on same basis of estimate as Boston and Albany,	1,700,000 00

Two hundred and fifty-six miles of railroad, 50 miles of which is double-track.

Valuing the property of the Fitchburg Company at \$3,000,000 above the par value of its capital stock—they claim it to be worth that; valuing the property of the Vermont and Massachusetts Company at the par value of its capital stock and debt; and valuing the property of the Troy and Boston Company also at the par value of its capital stock and debt; the aggregate capital and debt of the tunnel line will stand to-day at \$26,000,000; with \$2,400,000 annual gross earnings, as against the \$16,000,000 capital and debt, and \$6,000,000 annual gross earnings, with which the consolidated Boston and Albany line started five years ago; making no account of the fact, that the Boston and Albany line had an excess of \$400,000 in value of materials on hand; an excess of \$1,300,000 in value of equipment, and 140 miles more of double track, to duplicate which will cost the tunnel line \$2,800,000.

A comparison between the tunnel line of *to-day* and the Boston and Albany line of *to-day*, would show a still greater contrast, but such a comparison is hardly fair, because the greatly increased gross earnings in five years are largely due to the facilities provided by the \$7,000,000 increase of capital, and to the unity and efficiency of a consolidated management.

The business of the consolidated Boston and Albany line has been in the past, as the business of the consolidated tunnel line must be in the future, a thing of gradual growth.

Even if the State puts the Troy and Greenfield road—which includes the Hoosac Tunnel—into the consolidated line at \$2,000,000 instead of \$12,000,000, the tunnel line will start in extreme weakness, as compared with the consolidated Boston and Albany line of five years ago.

MR. N. C. NASH.

Mr. N. C. Nash, an extensive business man of Boston, offered the following remarks upon railroads in France and Belgium, and on railways and national debts.

RAILROADS IN BELGIUM AND FRANCE.

Belgium is one of the most striking instances of the benefit of railways yet exhibited to the civilized world.

In 1830 she separated from Holland, a country which possessed a much larger commerce, and superior means of communication with other nations by sea and by canals. Five years later the total exports and imports of Belgium were only \$54,000,000, while those of Holland were double that amount. But in 1833 the Belgium government resolved to adopt the railway system, and employed George Stephenson of London, to plan railways between all the large towns. The authorizing their construction at the expense of the State passed in 1834, and no time was lost in carrying it out.

Trade at once received a new impetus, and its progress since that time has been more rapid than any other country in Europe. The activity with which the roads were constructed, is shown in the following table:—

1839,	.	.	.	.	.	.	.	.	.	185 miles.
1845,	.	.	.	.	.	.	.	.	.	335 "
1853,	.	.	.	.	.	.	.	.	.	720 "
1860,	.	.	.	.	.	.	.	.	.	1,037 "
1864,	.	.	.	.	.	.	.	.	.	1,350 "

Belgium contains only one-tenth of the area of the United Kingdom, and that to make a fair comparison with England we must multiply the table by ten, thus showing a greater increase than took place in the United Kingdom from 1839 to 1864.

The result of the increase on commerce after the introduction of railroads in Belgium, is shown in the following table :—

1835,	\$53,800,000 00
1839,	78,400,000 00
1845,	134,600,000 00
1853,	238,800,000 00
1860,	360,600,000 00
1864,	486,400,000 00

In the thirty years from 1835 to 1864, Belgium increased her exports nearly tenfold, while England increased hers only fivefold, and much of this increase was by reason of her adoption of the system of free trade. This enormous increase of Belgium commerce must be ascribed to her wise system of railway development, and it is not difficult to see how it arises.

Before railways Belgium was shut out from the continent of Europe by the expensive rates of land-carriage and her want of water-communication. She had no colonies, and but little shipping. Railways give her direct and rapid access to Germany, Austria and France, and made Ostend and Antwerp great continental ports. One of her chief manufactures is that of wool, of which she imports rising twenty-one thousand tons, valued at \$12,250,000, from Saxony, Prussia, Silesia, Poland, Bohemia, Hungary, Moravia and the southern provinces of Russia; and returns a large portion in a manufactured state. She is rapidly becoming the principal workshop of the continent, and every development of railways in Europe must increase her means of access and add to her trade, just as the increase of railroads throughout the great Western States has added to the trade of Massachusetts, and saved her from near total ruin in her manufacturing interests.

However favorably some may regard the American system, it now may be said that it has been the bane of Massachusetts' interests from 1830 to the present moment; but never so manifest as now, under our heavy system of taxation, our disreputable currency, and the false system of our railroad management, which should be in the economic interests of the varied industries of the whole people.

Now look at Holland, which in 1835 was so much the superior of Belgium. Holland was possessed of immense advantages in the perfection of her canals, which are the finest and most numerous in the world; in the large tonnage of her shipping; in her access by the Rhine to the heart of Germany, and in command of the German trade, which was brought to her ships at Amsterdam. The Dutch relied on these advantages, and neglected railways. The consequence was that, by 1850, they found themselves rapidly losing the German trade, which was being diverted to Ostend and Antwerp. The Dutch Rhenish railway was constructed to remedy this loss, and was partly opened in 1853, but not fully till 1856. It succeeded in regaining part of the former connection. But now observe the result.

In 1839 the Dutch exports and imports were \$142,500,000, nearly double those of Belgium. In 1862 they were \$295,000,000, when those of Belgium were \$390,000,000.

Thus, while Holland had double her commerce, Belgium had increased fivefold, and had completely passed her in the race.

The cheapness of fares in Belgium is far below that of any nation, and hence has resulted in largely increased travel. Belgium owning the roads, she keeps them at first cost, and thus maintains low fares, low freight, and, in contradistinction to this country, equalizes the prices of labor and the products of labor, as it would be with us if railways were not permitted to be monopolized.

The construction of railroads in Belgium, which have so expanded her commerce and manufactures, have in the like manner enlarged and expanded the commerce and manufactures of the New England States. It is now our railways and the vast extent of our country through which they traverse, forming rapid and comparatively cheap transportation, that have preserved the manufacturing interests of Massachusetts, and not tariff taxation in any form.

Under our present system of joint-stock companies, railways are made more attractive to capitalists as an investment than the mereantile marine, and hence it is plain to be seen that the American shipping interest would have declined, regardless of the misfortunes of our civil war. In the United

States, as well as in England, France and Belgium, the exports and imports bear a distinct relation to the miles of railroad communication open. But owing to our varied and exorbitant taxation we are made dependent upon our inter-communication, domestic commerce, and lose our ocean-commerce. If we would save ourselves from utter loss of our foreign commerce we must adopt the French and Belgium systems of railway control.

Railways and National Debts.

In one important point Belgium and France have stolen a clear march upon England, Germany and the United States, by their appreciation and adoption for railways of the principal of a sinking-fund. The idea owes its origin to Belgian intellect. When the Belgian government, in 1834, projected a system of state-railways, to be constructed with money borrowed by the state, they provided for the extinction of the loans in fifty years by an annual sinking-fund. The amount borrowed was nearly \$40,000,000, and the whole will be paid off in 1884, after which date the whole property of the state lines, three hundred and fifty-two miles in length, will become part of the revenue of the nation. But so good an investment is these lines that their present net income is \$2,625,000 a year, and is increasing at a rate which promises in 1884 a net revenue of \$4,800,000, a sum which will be sufficient to pay the interest on the whole national debt, now \$130,000,000. Beside this the conceded lines, one thousand three hundred and fifty-one miles in length, will become amortized and become state property in ninety years from the beginning of their concessions, and the profits on a capital of more than \$65,000,000 will then be available toward the state revenue.

This system was copied by France, and imitated from her by Spain, Portugal, Italy, Austria and Holland. All these countries, at the end of various terms of ninety-nine, ninety and eighty-five years will practically pay off a large portion of their national debt. But the most remarkable example is France. In France the railways are conceded for ninety-nine years, but it is one of the conditions of the grant, that all capital, whether in shares or debentures, shall be paid off

within that term by an annual *amortizement*, or sinking-fund.

The French rate of interest is five per cent., and the annual sinking-fund necessary to pay 100 francs in ninety-nine years is as nearly as possible .04. Put into dollars and cents, for the sake of clearness, this means that the annual sinking-fund necessary at five per cent. to redeem \$500 in ninety-nine years is only twenty-five cents per annum. As debentures are issued in France for less than ninety-nine years when part of the consession is run out, the amount of the sinking-fund varies, but is usually said to amount, on the average, to one-eighth per cent. As the whole expended capital of French railways represented by shares and debentures is \$1,165,000,000, it follows that the total annual sinking-fund paid by the French companies for the redemption of that sum is less than \$1,500,000.

The result is marvellous, that for \$1,500,000 the French nation will acquire, in less than ninety-nine years, an unencumbered property of \$1,165,000,000. But this is not all. The railways represented by that \$1,165,000,000 produced in 1865 a net revenue of about \$62,500,000.

Since this time further railways have been completed, and amortized at the same date as their parent lines, and will produce before many years a net income of \$20,000,000, making a total net income of the French railways \$82,500,000. But the total charge of the French national debt in 1865 was only \$80,000,000; so that France has now a system in operation which, in less than seventy-nine years from the present time, would relieve the country from the whole burden of her national debt as it existed previous to the war of 1872, of \$2,500,000,000.

The question may well be asked, Why are we doing nothing of the sort? When so many other nations are paying off by means of their railways a portion, or the whole of their national debts, why are we, with all our boasted intelligence and democratic forces, to do nothing in the way of paying off our national and State debts in the manner of France, Belgium, and other nations, rather than by our indirect modes of taxing the labor of the country for the benefit of private corporations?

CONCLUSION.

From the facts which have been presented, I draw the following conclusions :—

1. Railroads have been a most powerful agent in the progress of commerce, in improving the condition of the working classes, and in developing the agricultural, manufacturing, and mineral resources of the country.

2. The national or state governments ought to improve the internal organization of her railways, both as to finance and to traffic, and to constitute some central authority with power to investigate and regulate.

3. A sinking-fund should be instituted to purchase for the government a portion of the railway capital, and so to lighten the charges of the national debt.

4. Full powers should be given to towns to vote themselves in aid of local railways, in order to facilitate the construction of short branch lines to connect with main lines.

5. Massachusetts, as a manufacturing and commercial State, is benefitted by every extension of the railroad system in this as well as foreign countries, since every new line opens up fresh markets, and diminishes the cost of transportation to her manufactures.

The progress of railways for the last forty years has been wonderful ; since that period has witnessed the construction of about 100,000 miles of railway. The next forty years are likely to witness a still greater development, and the construction of far more than 100,000 miles. We may expect the period when the immense continent of North America will boast of 100,000 miles of line clustered in the thickly-populated Eastern States, and spreading plentifully through the Western, and as has already taken place, to the base of the Rocky Mountains and over to California and the Pacific. We may expect the time when Russia will bend her energies (as she is already beginning to do) to consolidating her vast empire by an equally vast railway network.

We may predict the day when a continuous railway will run from Dover to the Bosphorus, from the Bosphorus down the Euphrates across the Persia Beloochistan to India, and from India to China. We may look for the age when China, with

her 400,000,000 of inhabitants, will turn her intelligence and industry to railroad communication.

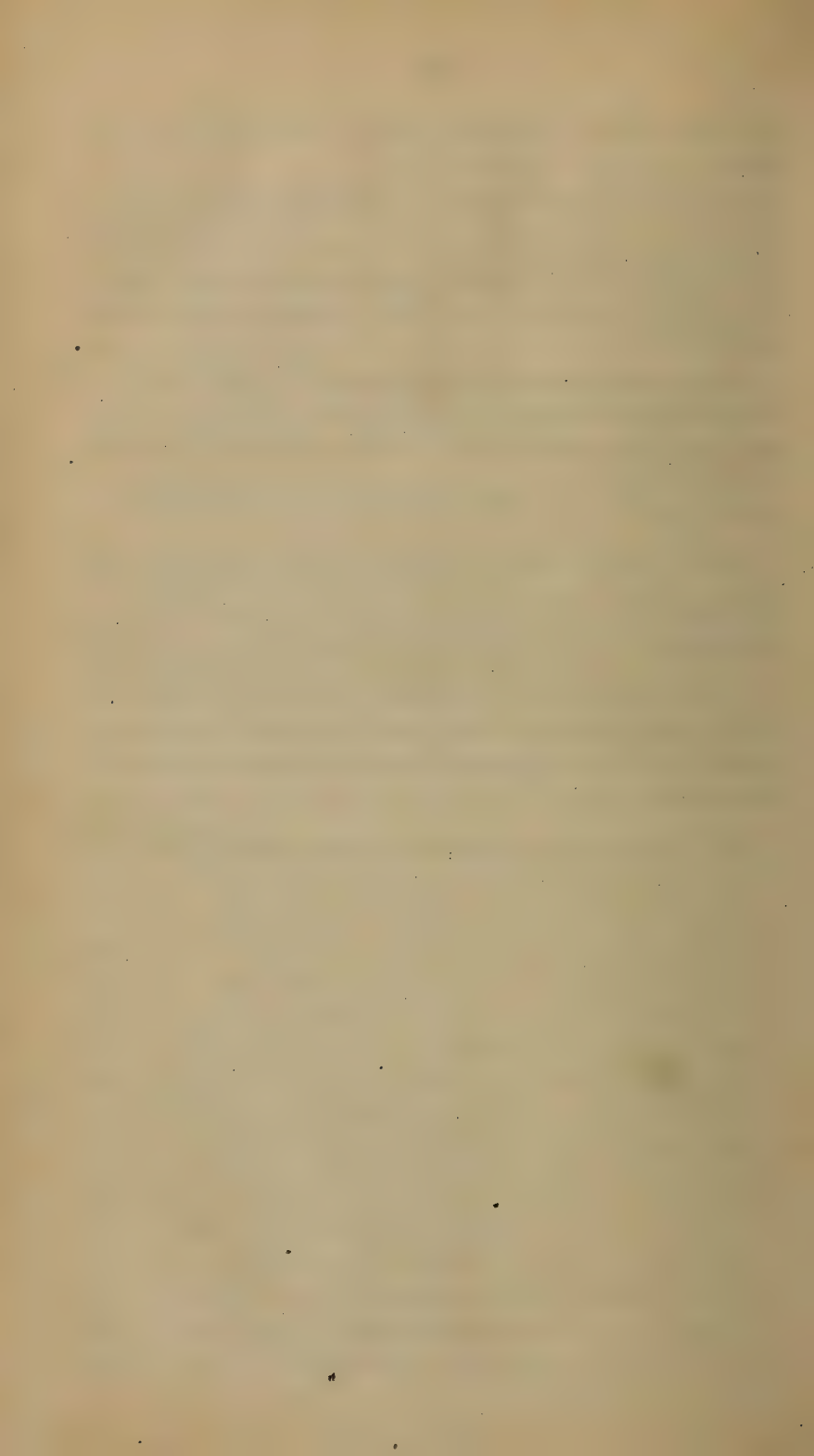
Undoubtedly the Chinese Embassy, who a few years ago, travelling through the great railway portions of the civilized world, have already informed their government of the advantages of railroads over any other mode of intercommunication, and if so, will hasten the day of their adoption over her vast empire.

But who shall estimate the consequences that will follow,—the prodigious increase of commerce, the activity of national intercourse, the spread of civilization, and the advance of human intelligence?

The Committee passed the following vote in open session :—

Voted, That after to-day the Committee will hear no new testimony except such as may be put in by the counsel for the Vermont and Massachusetts, Troy and Boston, and Boston and Lowell and Fitchburg Railroads ; and all such testimony must be put in to-morrow. The Vermont and Massachusetts may have from half-past ten to eleven ; the Troy and Boston from eleven to half-past eleven ; the Fitchburg from half-past eleven to twelve ; the Lowell from twelve to half past, unless the counsel mutually agree to some other arrangement.

The Committee then adjourned to Friday, March 7th.



REPORT

OF THE

EIGHTEENTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

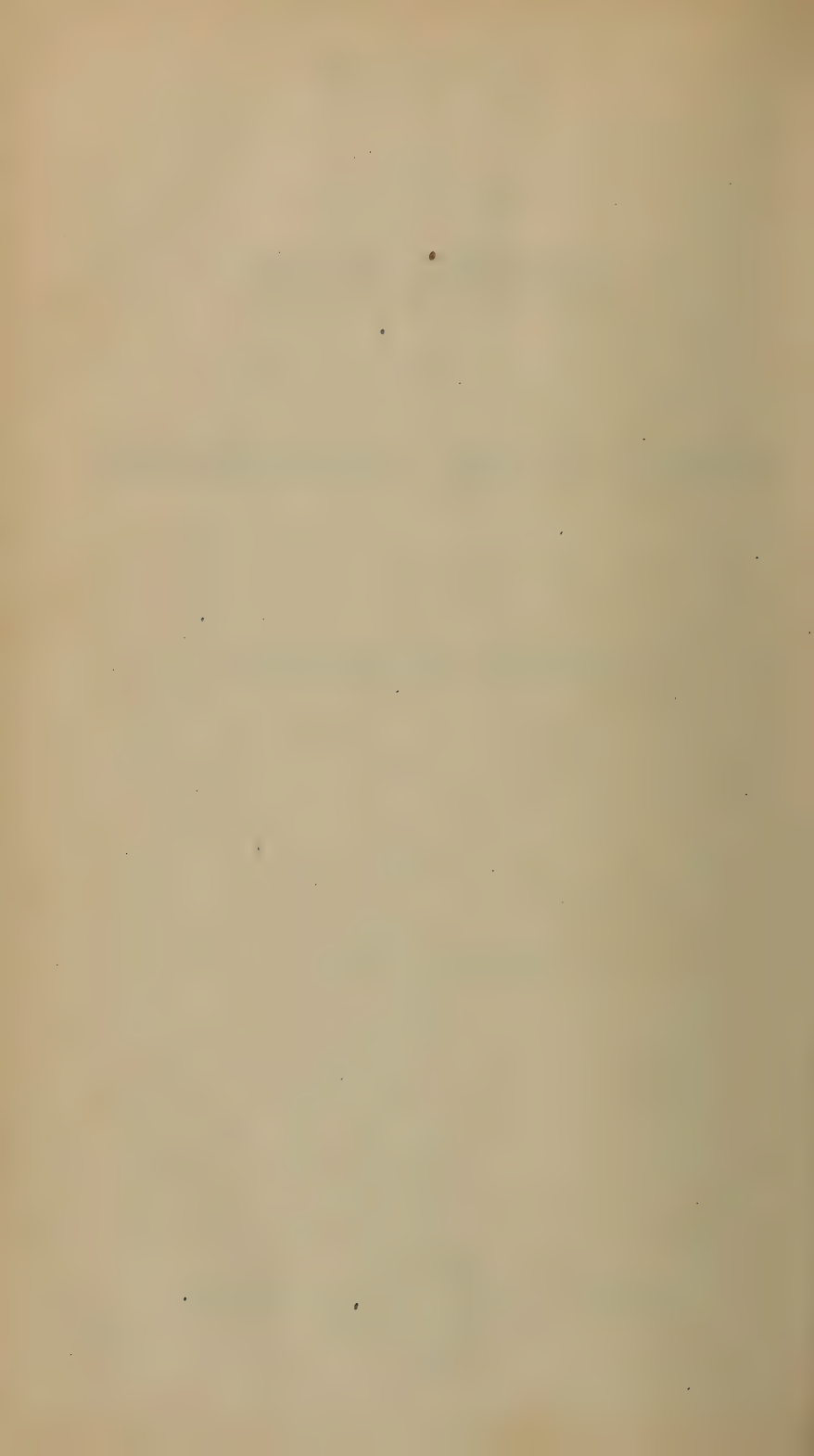
MARCH 7, 1873.

BOSTON :

WRIGHT & POTTER, STATE PRINTERS,

NO. 19 PROVINCE STREET.

1873.



EIGHTEENTH HEARING.

Hon. Josiah Quincy, Chairman of the Board of Harbor Commissioners, made the following statement in reference to Boston Harbor and its facilities :—

He said that his attention had been called to the improvement and advantages of Boston Harbor. During *the last six years* every dangerous rock has been removed, the islands had been protected from washing away, by sea-walls, the channels had been widened and deepened, and when the money obtained during the past week through the exertions of members of the board had been expended, the largest sea-going steamers, drawing twenty-three feet of water, could go to sea or come up to the wharves at low tide. Within the Castle is what will be made one of the most magnificent harbors in the world—perfectly landlocked and surrounded for miles with deep-water wharves, covered as they will be with storehouses, manufactories and railway stations, giving wealth to the State and city and diffusing prosperity and facilities to the whole land. The original peninsula of Boston was bounded by Charles River on the one side and Fort Point Channel on the other. On crossing Fort Point Channel you come to the South Boston flats, where there are over seven hundred acres belonging to the State, with a frontage on deep-water of more than two miles and a half, and by means of excavations accessible to the largest steamers. You then pass South Boston Point and enter Dorchester Bay. This bay, with its various indentations, extends first to Savin Hill, then to Commercial Point and thence to the crossing of the Old Colony Railroad to Port Norfolk; this commissioners' line, all within the city of Boston and its upper harbor, extends

about eight and three-quarters miles, with wharfage front of twenty-six miles, all of it easily accessible by railroads and all capable of being made into wharves for the largest steamers. The whole of this line has been bought in anticipation of this improvement, and plans for the whole line had been submitted to him to be laid before the Board of Harbor Commissioners. We have thus on the south side of the peninsula nearly nine miles of water-frontage, capable of accommodating steamers of the largest class. On crossing the Charles River, we first come to the navy-yard. There is no need of dilating on the admirable adaptation of that site for a great railway terminus. Mr. Quincy had no doubt but that the government would, on the application of the State of Massachusetts, remove its works to some other and cheaper position. And if, as is suggested, the land would then revert to the heirs of the original grantors, there is no doubt but that their claims would be settled on very reasonable terms. We next come to the flats on Mystic River which a generous legislature gave away without any pecuniary consideration. Here the Boston and Lowell Railroad own eight acres of land, admirably situated on water made by dredging twenty-three feet in depth, and below the Chelsea Bridge. Beyond this come the property of the Mystic River corporation of Chelsea and East Boston, extending down to Point Shirley, all of which by the modern appliances of dredging could be made available for deep-water wharves connected directly and conveniently with railroads, giving a wharf-frontage on that side of Charles River and within the upper harbor of twenty-one miles front.

But the most important terminus is on the city proper. A report made to the joint commission on terminal facilities for railroads, in 1870, states that the depots must be "on a point of the city easily accessible to the large storehouses already constructed—so placed as to have an easy communication with one another, and with all the railroads terminating in the city, and placed on the deep water of the harbor; all of which could be attained by extending Atlantic Avenue four hundred feet in width, from Summer Street on the south to Leverett Street on the north, and occupying as it now is by a union freight railroad."

For reasons set forth, and in order to give a wide street for a stand for market wagons, and for loading merchandise coming from or going to the wharves and warehouses, Atlantic Avenue, as now laid out, will probably be widened to two hundred feet. Connected with this will be, as laid out on the plan of the harbor commissioners, the extension of India, Rowe's and Foster's wharves (which will be as soon as the dredging for filling the South Boston flats is completed) and which will give more than fifteen acres of solid land and a deep-water-front of 6,000 feet, two of the wharves being two hundred and forty feet in width with railroad tracks on both sides. Besides this there can be on some of the other wharves an elevator on deep water of a capacity of over a million of bushels supplying not only the sea-going steamers but also the local trade of the city.

Thus the upper harbor of Boston, sixteen miles on the harbor commissioners' line,—by the same means used by the State on South Boston flats—by the Boston and Albany at East Boston, and by the Lowell Railroad at the mouth of Mystic River,—can be made available for wharves for ocean steamers, which wharves, when constructed, will show an available front on deep water of nearly fifty miles in extent. Arrangement are already in progress for utilizing the whole line by wharves. These can all be connected with one another and the great centre on Atlantic Avenue. Over twenty millions are expended annually for transportation of goods within the city of New York. With the facilities we shall possess, the same amount of business can be performed for two.

Judge Hoar.—I am requested to ask you what price your commissioners charge people for building wharves?

Mr. Quincy.—Nothing at all, sir.

Judge Hoar.—Have you charged anything to the Lowell Railroad, recently?

Mr. Quincy.—Yes, sir; we have charged them—we didn't charge them—the State of Massachusetts, represented by the general court, charged them.

Judge Hoar.—They charged them fifty cents per foot.

Mr. Quincy.—I have to say, gentlemen, that the Lowell road, being a very modest road, did take possession of a cer-

tain piece of property which we thought belonged to the State of Massachusetts. We had a little trouble with them, and referred it to the legislature.

Judge Hoar.—Has there been a wharf extended since the harbor commissioners were appointed?

Mr. Quincy.—In Boston? A great many.

Judge Hoar.—Where?

Mr. Quincy.—Up on South Bay, and clear up the Neponset River.

Judge Hoar.—But none of the principal wharves?

Mr. Quincy.—No, sir; excepting in this place, where we have dredged out so that we may permit India Wharf to extend.

Judge Hoar.—Have the owners of all the property objected to this plan of extension?

Mr. Quincy.—No, sir; not at all. I have never heard an objection. They have not objected to the harbor commissioners.

Judge Hoar.—Have they been heard, or expressed any voice?

Mr. Quincy.—No, sir; I don't think they have.

Judge Hoar.—You say all these wharves have tracks laid to them by the Union Freight Railway?

Mr. Quincy.—The moment the snow goes off and they are enabled to use their "dummies," there will be a great deal of business done, by connecting the different roads.

Mr. Bates.—Have you any doubt that you can carry down to these wharves all the freight that can be brought down over the tunnel road?

Mr. Quincy.—All is a large word; you can carry a great deal undoubtedly. The great advantage is that it connects all the roads that terminate in Boston; all that come in on the south with all that come in on the north, so that they can come in together and exchange freight, or exchange cars if necessary. The great trouble now is that if there are any goods to be sent from one side of the city to the other, they have to be carted across the city, and the streets are crowded to a great extent.

Col. George.—Allow me to ask you a single question. How many freight cars, supposing the tunnel line to be prop-

erly developed, how many freight cars would be required on the line?

Mr. Quincy.—I don't know, sir.

Col. George.—Would 5,000 be an unnecessary number?

Mr. Quincy.—I hope not.

Col. George.—5,000 cars would cover about thirty miles of rail. What proportion of them would be in Boston at one time?

Mr. Quincy.—I suppose about half of them.

Col. George.—Very well. There would be fifteen miles of cars that you would have to have side tracks for, and whereabouts in the city of Boston are you going to put them?

Mr. Quincy.—I have already said that we have forty-eight miles of wharf-front where cars can be standing on side-tracks.

The Chairman.—The time assigned for the Vermont and Massachusetts to introduce evidence has expired. Do I understand that the Troy and Boston give their time to the Vermont and Massachusetts?

Mr. Allen.—If Mr. Bates will call another witness he may go on.

Mr. Bates.—I will call Mr. Whiting.

PROF. HENRY L. WHITING.

Mr. Bates.—Mr. Whiting, what is your occupation?

Mr. Whiting.—I have been an assistant of the Coast Survey for many years. For about four years I have been connected with the Harbor Board.

Mr. Bates.—Do you know the capacity of those wharves where the Fitchburg track runs to Charlestown?

Mr. Whiting.—Yes, sir.

Mr. Bates.—In regard to those wharves, do you think them the finest frontage in Boston Harbor?

Mr. Whiting.—Yes, without exception. There are thirty feet of water at low water between Charles River Bridge and the navy-yard, and that is the deepest on the whole front in Boston Harbor.

Mr. Bates.—If I understand it, now in order to get to Mystic flats, it is necessary to cross a bar over which there is only fourteen feet of water at low tide; no vessel can get in without going over that bar.

Mr. Whiting.—That would be the case until this dredging is done.

Mr. Bates.—Now, then, the only difficulty of using these wharves for large exporting purposes would be, that they would have to be extended, would they not?

Mr. Whiting.—Yes, sir.

Mr. Bates.—(Referring to the map.) Here is East Boston and the Grand Junction wharves are there. What is the plan with reference to this space?

Mr. Whiting.—There is no plan, sir. There is very favorable ground for improvement from East Boston to Point Shirley; that is, a ground, without being a harbor. Compared with the improvement of Dorchester Bay, it is better ground.

Mr. Bates.—There is a line that can be extended, which would give what amount of frontage?

Mr. Whiting.—It would give about three-fourths of a mile frontage.

Mr. Bates.—And that would be as easily connected with the Grand Junction road as the Grand Junction wharves are?

Mr. Whiting.—Yes, sir.

Mr. Bates.—Now, in speaking of the thirteen miles that the cars would occupy in our streets. Does not the Gas Company want to sell its wharves?

Mr. Whiting.—I don't know that it does.

Mr. Bates.—Do you know what the distance is, from these stations here to the Gas Company's wharves?

Mr. Whiting.—No, sir; I do not.

Mr. Bates.—The Committee can conceive, by looking at the maps, that the Gas Company's wharves are not far off. Their property is for sale, and is right here by the bridge, and is not far from Constitution and Battery Wharves.

Mr. Bates.—Do you know the length of the Grand Junction road?

Mr. Whiting.—No, sir; I do not.

Mr. Quincy.—All this frontage is accessible by the same manner in which that at South Boston, East Boston, and that owned by the Lowell Railroad on Mystic River. It can all be done by dredging, and the material is all needed to fill up the flats. In that way we may say that we have nearly

fifty miles of water-front that is fit for vessels of all kinds. If it is necessary they can be deep-water wharves.

Judge Hoar.—Mr. Whiting, this bar is in the entrance to the South Channel, is it not?

Mr. Whiting.—I speak of the bar in the chops at Chelsea Creek.

Judge Hoar.—You don't mean to say that there is not deep water all the way up the Channel?

Mr. Whiting.—There is plenty of water there, sir.

Judge Hoar.—This bar is the one that the Boston and Lowell Railroad have been dredging out?

Mr. Whiting.—Yes, sir. We consider that at the junction the Charles River is the most considerable stream.

Judge Hoar.—But up the Mystic there is twenty-four feet of water all the way, is there not?

Mr. Whiting.—No, sir.

Judge Hoar.—I have before me the chart of the harbor and that describes it so, as far as I can see, all the way up to opposite these flats, from entering the harbor.

Mr. Whiting.—Oh, yes, sir; but you have got to cross the bar to get there.

Col. George.—Has it not been dredged out one hundred feet wide and twenty-four feet deep, at low water?

Mr. Whiting.—I don't know what has been going on.

Judge Hoar.—It is only a question of dredging, to get to this property?

Mr. Bates.—We don't mean to say that this property is not very nice, but it requires some dredging to be done.

Col. George.—The dredging has been done.

MR. J. S. WILDER.

Mr. J. S. Wilder, wharfinger at Constitution Wharf for the past twenty-five years, gave the following testimony:—

Mr. Bates.—Will you state what vessels come at your wharf?

Mr. Wilder.—We have had all the Liverpool business, with the exception of the steamers, for the past eighteen years, and now for the last five years we have had more or less steamers of the Dominion Line.

Mr. Bates.—What is the largest steamer you have?

Mr. Wilder.—The Lord Clive.

Mr. Bates.—Is not that the largest that comes from Europe to Boston?

Mr. Wilder.—Yes, sir.

Mr. Bates.—It comes loaded?

Mr. Wilder.—Yes, sir; it comes heavily loaded.

Mr. Bates.—Is there any difficulty about that vessel's coming in there and getting out?

Mr. Wilder.—We have never had any.

Mr. Bates.—Or with the other steamers?

Mr. Wilder.—No, sir.

Mr. Bates.—What capacity has Constitution Wharf and Battery Wharf side by side, if an elevator should be placed on it?

Mr. Wilder.—They would have a capacity for four steamers to be loading at the same time.

Mr. Bates.—Supposing you should take the other two on the other side of it, could you not load ten steamers at one time?

Mr. Wilder.—I don't see any objection.

Mr. Bates.—If you put up an elevator on Battery Wharf you could build one that would have a capacity of a million and a half bushels?

Mr. Wilder.—Yes, sir.

Mr. Bates.—Is there any difficulty in connecting your wharf and the others with the railroads on the northern part of the city, by means of the Union Freight Railway?

Mr. Wilder.—Not at all. We have had the Marginal Freight Railroad come down upon our wharf,—the only one it enters. The Union Freight track also comes down there.

Mr. Bates.—Do you know whether the Union Freight Company have a contract to carry a thousand tons of machinery over their road?

Mr. Wilder.—I heard that they had.

Judge Hoar.—What is the length of Constitution Wharf?

Mr. Wilder.—Six hundred and fifty feet.

Judge Hoar.—Is the dock of that length?

Mr. Wilder.—No, sir; our docks are four hundred and eighty-two feet long on the south and north side.

Judge Hoar.—Is there any complaint by the Lord Clive, that they could not lie in your dock?

Mr. Wilder.—There never has been any complaint. It is the best wharf in the city of Boston.

Judge Hoar.—I didn't doubt it. I only wanted to know if those unreasonable people didn't find some fault. Don't their steamer have to project beyond the end of the wharf?

Mr. Wilder.—No, sir; they could lay seventy feet ahead. They come within perhaps forty feet. Her stem will lay in some thirty feet from the end of the wharf. She is 410 feet long and we have 479 feet.

Mr. Bates.—What is the rental of these wharves along here. Do any of them rent at an average of more than six per cent. on \$1.50 per foot?

Mr. Wilder.—I don't think they do.

Mr. Bates.—Probably they could be bought for \$3 per foot?

Mr. Wilder.—I should not want to give \$3 per foot for any of them.

Col. George.—Are these wharves pile or solid?

Mr. Wilder.—They are partly of each.

Col. George.—What is the proportion of solid to pile on these two wharves.

Mr. Wilder.—I should think about one-third solid and two-thirds pile.

Col. George.—Do you propose to erect an elevator on piles?

Mr. Wilder.—Not on top of the wharf. We propose to make solid where we build elevators.

Col. George.—About one-third of the wharves is solid, and the remainder you propose to make so?

Mr. Wilder.—No, sir; the piles for the elevator would have to be driven, the wall built about them, and the space filled in. All our warehouses are built upon piles. It is the best foundation in the world.

Col. George.—Do you know whether there would be any objection, on the part of the harbor commissioners to your making the property solid?

Mr. Wilder.—I suppose they charge everybody alike.

Col. George.—The charge is about fifty cents per foot I believe. I believe they charged the Fitchburg that price.

Mr. Bates.—They only charged the Boston, Hartford and Erie eighteen cents per foot.

Col. George.—I don't know that there is not some favoritism in the matter. I suppose the Boston, Hartford and Erie is the child of the State and ought to be favored.

Mr. Bates.—Have you made any estimates at all as to what would be the cost of that property with an elevator with a capacity of a million bushels?

Mr. Wilder.—I made an estimate that it would cost \$1,800,000.

MR. DANIEL S. ROBINSON.

Mr. Daniel S. Robinson of the Troy and Boston Railroad, made the following statement:—

Mr. Bates.—Have you made any estimates of what would be the probable expenditure from Troy to Boston on this consolidated line?

Mr. Robinson.—As I have stated before, I came here a few days ago to look after the interests of the Troy and Boston Railroad in connection with this consolidation. I supposed we should come in rather as a connecting road, and I had no idea of presenting anything here. I only wish to present the facts with regard to what I think will be necessary to commence the operation of this road. The plan that I had in view was, that in order to secure myself, whenever these railroads united, they would unite upon a basis of stock which would be issued, and I proposed to adopt the plan of the Central Railroad of New York. When they came together, they, after agreeing upon the amount that they should be put in at, made themselves liable for a certain cash payment,—some 20 per cent., some 10 per cent. and some less. I thought the road would come together at the rate of about \$15,000,000, and I thought about a 10 per cent. payment to the consolidated line, which would give us a million and a half, which is all the money I think we could substantially and profitably spend for the first time.

Judge Hoar.—Don't you mean an assessment?

Mr. Robinson.—Yes, sir; I took a memorandum while I

was studying this business from the New York Central. In 1853, when they had 530 miles of road, they had 147 locomotives, 156 passenger cars, 55 baggage cars and 1,084 freight cars. In 1854, they had 175 engines, 242 passenger cars, 65 baggage cars and 1,102 freight cars. I took that as the basis from which I made this calculation, that the road would want to expand the first year, and make it suitable to do a business of from four to five millions. I think that would place us on as good a footing as the New York Central was when it did only five million and a half dollars' business.

Mr. Bates.—Where would you spend this?

Mr. Robinson.—I have shown here that the Troy and Greenfield road would need 15 engines, as they now have none. We would need 500 freight cars. I have seen the three presidents of the roads that reach from here to Chicago, and each one of them signified their willingness to enter into connection with us in making a line. I have allowed two and a half cars to the mile on the whole line, making 3,200 cars from here to Chicago, which would be wholly appropriated to this line.

Mr. Bates.—What part of them would this road furnish?

Mr. Robinson.—Five hundred would be its proportion, and 2,600 or 2,700 to the others. We should want 200 passenger cars for the Troy and Greenfield and the Southern Vermont roads. With this expenditure we should have a first-class road with a single track, with all the equipment necessary for the present, and we should be in a position that in a few years we might have one of the best roads in the country.

Mr. Fairbanks.—Your million and a half does not include what the State owns in the road?

Mr. Robinson.—No, sir.

Judge Hoar.—I would like to submit the following statement in reference to the Troy and Boston Railroad.

Mr Robinson (thirty-ninth page, twelfth hearing) states that in 1871, the Troy and Boston Railroad earned $8\frac{1}{2}$ per cent. on a cost of \$2,312,098; this per cent. is not on the amount of capital stock, but is on the total cost of road and equipment.

Statement of the Troy and Boston Railroad, taken from New York State Engineer's Report for 1871:—

Total cost of road and equipment,	\$2,312,098 08
Total amount now paid in of capital stock,	1,599,000 00
Total earnings,	\$487,189 25
Payments for Transportation Expenses, \$260,497 46	
Interest,	168,211 40
Leases,	27,600 00
	<hr/>
	456,308 86
Payments to surplus fund,	\$30,830 39

That is, the net earnings for the year were \$30,830.39, which is only $1\frac{9}{10}$ per cent. on capital stock (\$1,599,000) paid in.

Mr. Robinson makes out the earnings of the Troy and Boston Railroad as $8\frac{1}{2}$ per cent., by considering the interest paid on their debts as so much net earnings. Thus—

Interest paid on debts,	\$168,211 04
Payments to surplus fund,	30,830 39
	<hr/>
Total amount of interest and net earnings,	\$199,041 79

which is $8\frac{8}{10}$ per cent. upon cost of road and equipment.

1869.

Total earnings,	\$529,680 43
Paym'ts for Transportation Expenses, \$292,693 27	
Interest,	190,053 99
Leases, assumed to be the same as in 1871,	27,600 00
	<hr/>
	510,347 26
Net earnings,	\$19,333 17

or $1\frac{2}{10}$ per cent. on paid in capital stock,—instead of $8\frac{7}{8}$ per cent.

Page 287 shows that the Troy and Boston Railroad paid no dividends in 1867, 1868, 1869, 1870 or 1871.

Mr. Robinson.—I will explain that. In 1871 we sold this additional stock. The \$600,000 was all that would be assessed, but the object was, not to show what we paid for the stock, but to show the value of our property. Mr. Derby says that they have a property of \$4,000,000, and that that property is worth \$8,000,000. That the Troy and Boston have a property of \$2,300,000, with a debt of \$1,900,000, and therefore it is not worth anything.

Judge Hoar.—Well, perhaps as you inadvertently confounded assessment with payment, you may sometimes confound debt with capital on your road.

Mr. Robinson.—It is capital, sir. If it is not, I don't know what is.

The evidence was then declared closed.

REPORT

OF THE

NINETEENTH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

MARCH 18, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

ARGUMENT OF HON. CHARLES ALLEN,

FOR THE

TROY AND BOSTON RAILROAD.

Mr. Chairman and Gentlemen of the Committee: —

It is not my purpose, in the remarks which I shall have to submit to you this morning, to enter upon the discussion of the general question of the policy of the Commonwealth in regard to the consolidation of this line. That duty will be left to Judge Thomas. It is my purpose to speak with reference to those aspects of the case pertaining to the position of the Troy and Boston Railroad Company, which I represent, in its relations to this general line of railroad.

The proposition of the Vermont and Massachusetts Railroad Company, as shown in the bill before you, is for the consolidation of the various interests represented between the cities of Boston and Troy, upon an appraisement to be agreed to by the parties, and by the governor and council of the Commonwealth, or, failing in that, to be fixed by commissioners to be appointed by the supreme judicial court of Massachusetts. That bill we support.

The Fitchburg Railroad Company, through its counsel, Mr. Derby, comes here and professes to be opposed to any consolidation with the Troy and Boston Railroad Company, but it does not, of itself, mention any plan which it will submit to the committee; it leaves that to be done by the Boston and Lowell Railroad Company.

The Boston and Lowell Railroad Company then comes in, through its counsel, and submits a plan which is shown by the bill which it has laid before you, asking, in general terms, for the consolidation of the Fitchburg, and Boston and Lowell Railroad Companies, with provisions looking to the purchase by these roads of the various other links in the line between Fitchburg and the Hudson River.

These are the several propositions, so far as they have been put in form, which are now before the committee. The proposition

of the Fitchburg and Lowell Railroads, as you will see, contains a marked discrimination against the interest which I represent here before you. The Boston and Lowell Railroad Company, by its bill, seeks to become the head and the nucleus of this great tunnel line; this company, which, if it is not greatly belied, sought to stifle this tunnel line at its birth, which opposed the granting of the first charter of the Fitchburg Railroad Company, and which is to-day, in some sense, at least, a rival interest.

The question is whether or not the Lowell Railroad Company, by this bill, shall be allowed to come in here in this manner,—the Lowell Railroad Company, which, according to the testimony of General Stark, first turned its attention to obtaining the control of the tunnel line last fall,—whether this road shall be allowed to come in here and displace those railroad companies which have nursed and fostered this enterprise for the last twenty-five or thirty years, which have borne the toil, and, in conjunction with the Commonwealth, have been at the expense which has attended the development of the line up to this time when its success is already assured.

Now, what is the history of the connection of the Troy and Boston Railroad Company with this tunnel line? You have heard it stated here briefly in the testimony of Mr. Robinson; how, in 1848 and 1849, the representatives of the Fitchburg Railroad Company came over to Troy and sought to enlist their interests in the construction of a line from the city of Troy to the west side of the mountain; how they, at that end of the line, promised that they would have a railroad built to North Adams as soon as the interests on this side would construct one to the Connecticut River. But I will not leave it on the testimony of Mr. Robinson alone, because I am able to supplement it by the speeches of Colonel Crocker, who, more than any other one man, may be said to have been the founder of the Fitchburg Railroad Company, and who has been one of its directors, with but slight interruptions (I say “slight interruptions,” because with regard to his continuous term of service I am not able to speak with entire confidence) a director of the Fitchburg Railroad from its beginning until the present time; and, taking his long term of service together, he can be said to be more distinctively the representative of the Fitchburg road than any other living man. Now, in January, 1854, the year when the first tunnel loan Act was passed, Colonel Crocker made the following remarks before the legislative committee, which are to be found in Vol. II. of the Hoosac Tunnel Documents in the State Library, page fifth of the pamphlet reports:—

"My interest in these roads on the other side of the mountain dates back to the commencement of the Fitchburg Railroad, as early as 1843 or 1844. I was anxious to secure through lines in connection with the Fitchburg road. One plan I had in view was through New Hampshire and Vermont, and the other was the Troy and Boston route to the Hudson River."

Again, in the same speech or testimony, he refers to his speeches over there where he spent several months "in endeavoring to induce the Trojans to subscribe to the Troy and Boston stock." And then again, in 1862, when Colonel Crocker was a member of the Senate, and when the Act of 1862 was passed, creating the commission at the head of which stood Mr. John W. Brooks, Colonel Crocker made a speech in the Senate which was printed and is found in Vol. III., of the Hoosac Tunnel Documents before referred to, and this was his language:—

"When this tunnel line was chartered in 1848, we (he has been speaking of the history of the struggle in building the first two sections of the road, viz.: from Boston to Fitchburg and from Fitchburg to Greenfield)—when this tunnel line was chartered in 1848 we called upon the city of Troy to redeem her part of the bargain, her pledge made in a meeting of her citizens in 1844, that when we should build to Greenfield she would build to the west side of the mountain—a pledge made by her Wool, her Heartt, her Vail, her Griswold, her Robinson, and others of that day and this. She has struggled to redeem, and with great difficulty . . . she has accomplished it. Do you suppose she ever would have done it but for her confidence in Massachusetts? Never, sir! Never!"

Of these gentlemen who are named by Colonel Crocker in his speech of 1862, two are now dead; and the other three are to-day in the direction of the Troy and Boston Railroad, and the Troy and Boston Railroad by two of these same persons named by him eleven years ago are here to-day in fulfilment of the pledge which they gave, and which he relied upon when he was urging the Commonwealth of Massachusetts to adopt that measure which resulted in the construction of the tunnel.

The Troy and Boston Railroad went on. They constructed their road, and in 1856 they took two leases, one of the Southern Vermont road, and one of the Troy and Greenfield road, west of the mountain, each of which contained a provision to which I heretofore referred in my opening remarks to you, several weeks ago, having reference to the consolidation of the lines of railroad from Boston to Troy. These leases are both of them published in the Public Documents of this Commonwealth, at the place which has been referred to heretofore; and the provision in each of them is as follows:—

“And it is further agreed and understood by and between the parties hereto that they shall use their influence to bring about a proper and equitable consolidation of the Troy and Boston, Troy and Greenfield, Vermont and Massachusetts, and Fitchburg Railroads.”

These leases were entered into in the year 1856, seventeen years ago. In the following year, a contract, which has also been referred to heretofore, was entered into, between all of these companies, looking to the permanent operation of the roads as one line, and providing for permanent joint tariffs, and general principles for the adjustment of the rates were specified, which should be maintained for ten years after the construction of the tunnel. In the year 1858, certain towns in Massachusetts having obtained the authority of the legislature to subscribe to the capital stock of the Troy and Greenfield road, to aid in the completion of this tunnel line, the Troy and Boston Railroad, having leased all that part of the Troy and Greenfield Railroad west of the mountain, entered into a contract by which they guaranteed one-half of the interest which should become due on these town bonds, from the towns of Adams, Williamstown and Shelburne, in Massachusetts.

In the year 1862, the Fitchburg Railroad, when this Act had been passed providing for the commission, at the head of which stood Mr. John W. Brocks,—in the year 1862, or possibly in the winter of 1863, the Fitchburg Railroad Company sent over to the Troy and Boston Railroad Company, asking them to come here and join with the Fitchburg, and Vermont and Massachusetts Railroads in entering into the twenty per cent. contract, running to the State of Massachusetts, which has been referred to. As has been testified here before you, that was the contract without which that commission would never have recommended the State to engage further in the prosecution of the tunnel.

In the year 1859, if not before, Colonel Alvah Crocker became a director of the Troy and Greenfield Railroad Company, and it is fairly to be presumed that he was familiar with the lease, if any body was, under which they had let their road to the Troy and Boston Railroad, he at this time being also a director of the Fitchburg Railroad, at whose direct solicitation the Troy and Boston Railroad Company came over here in 1863, and entered into the twenty per cent. contract with the State; so that it appears that, at the request of the State of Massachusetts, the Troy and Boston Railroad took a lease of the western section of the Troy and Greenfield Railroad, and maintained it at great cost to themselves, paying the rent to the State, year after year, at a loss of \$200,000 or thereabouts in all; and at the direct request of the Fitchburg Railroad,

they came over here and joined with them in entering into this contract with the Commonwealth, by which they pledged twenty per cent. of their earnings, as expressed in that contract, to the State of Massachusetts; and the State of Massachusetts, and the Fitchburg Railroad Company, have both in this manner called for and availed themselves of the aid of the Troy and Boston Railroad Company, in the prosecution of this work. And yet it is suggested that now, to-day, in this consolidation, or in the arrangement of this great through line, there shall be some discrimination against the Troy and Boston Railroad Company, by which they shall not have their fair share in the management, and shall not stand on equal terms with the rest.

Now, I say that in everything that has been done, in every act of legislation that has been passed, in every message of every governor of Massachusetts, who has dealt with this subject, in every report of every legislative committee which has treated of it, and in every report of commissioners appointed by the authorities of Massachusetts who has had to do with it at all, from the beginning unto the present day, for a period of twenty-five years, this year is the first in which there has ever been a suggestion that the Troy and Boston Railroad should stand on any less favorable terms than any of the other constituent elements of this line. I challenge an examination of all the legislative documents of this Commonwealth as a verification of what I say. It was asserted by Mr. Richardson on the stand, substantially, and my own examination of the documents, which I will not trouble you to recapitulate in detail, for I gave you a sufficient reference to them, (though Mr. Richardson was able to supply some other pertinent references),—my own examination, I say, has verified his statement; and I challenge the production of a document anywhere by which the legislature, in any legislative act, by which any governor of Massachusetts, or any legislative committee, or any commission appointed to investigate this subject, has ever expressed, in any way, the idea that the Troy and Boston Railroad Company should have any discrimination made to its disadvantage when this line should be completed. I stand upon that broad ground, as a matter of history and as a matter of public faith. Every express and every implied understanding has always looked to its being received into the consolidation, if one should be formed, and made a part of this line, on equal terms.

But I do not rest upon that alone; for if it had not been so, if this question had this year and to-day come up for the first time, the argument would be very nearly as strong. If there is anything beneficial in this idea of consolidation, if railroad men are not all mistaken, if there is any advantage in making the continuous separate links of a line, all depending to a great extent on a common busi-

ness, into one line, and placing it under one management, the argument in favor of the Troy and Boston Railroad Company is very nearly as strong, looking upon it in the light simply of to-day, as it is, when it is looked upon in the light of the past. How does it stand to-day? What is the character of this line, as it has appeared here in evidence before you? It has been testified to you how large a proportion of this forty-two miles of tracks is a straight road—twenty-five miles. It has appeared to you that the grades upon the line coming from the west to the east are as favorable at least as those upon other portions of the tunnel line, the highest being less than forty feet to the mile. It has appeared to you that it has been built and managed with reference to its forming a part of a through line, and that its curves are light and its grades easy, and that the rate of speed which can easily be maintained upon it is to come from Troy to North Adams, a distance of 42 miles, in one hour and twenty minutes, and by a reference to the official report of the railroads in New York, which has been referred to, it appears that the average rate of speed for express trains is 29 miles per hour, including stops, and 34 miles an hour, not including stops; a speed which will compare favorably with the best lines in the State of New York.

When, many weeks ago, I had the honor to open this discussion before you, I stated in general terms, that the character of this line was such that when it should become a part of the great through tunnel line, few or no alterations would be necessary; and while, in various other respects, proof has been put in here respecting this line, no man has come up to deny, to challenge or to qualify that statement in the least. And yet you have had here Mr. Mills, of Williamstown, representing an interest unfavorable to us; you have had Mr. Millis, the agent of the Northern line, who came from that neighborhood, and is probably acquainted with the route; and you have had Mr. Stearns, of the Fitchburg Railroad, who has recently been over the route for the purpose of examining it; and even Mr. Stearns, with his statistics gathered from the books, which he has presented here, not, as it seemed to me, with such fullness and entire fairness as to be altogether satisfactory,—even Mr. Stearns, I say, has not qualified, modified or detracted one iota from what I said of the character of the road in my opening remarks.

This road is upon the line that must be followed. There is no other line. There is no other existing line,—that is plain; and the only other through line that is suggested to go from Adams to the Hudson River is the line which is represented here by our friend Mr. Mills, a gentleman for whom I certainly have the highest respect and regard; but he states that his line is simply in embryo; a line

to which not a dollar of stock has yet been subscribed ; a line which I believe, depends for its construction upon the aid which it hopes to receive, at some time hereafter, from the Commonwealth of Massachusetts.

Again, the property of the Troy and Boston Railroad in Troy, the terminal facilities, the conveniences for doing business, are just exactly what are wanted for this line, and they have been provided with direct reference to it ; their real estate, costing over \$500,000, and probably worth \$750,000 ; their extensive dockage on the Hudson River ; their line of railroad running directly down to these docks ; their one-quarter interest in the Troy Union Railroad Company, which is at present under their sole management, connecting them directly with the Hudson River, the New York Central, and the Rensselaer and Saratoga Railroads. These terminal facilities have been purchased with reference to the convenience of through business over this line, and no one has come here to say that they are not adapted or that they are insufficient for that purpose.

And then in regard to the business which is expected over this line. The business which is to come from the West,—the through business that is to be received from the Erie Canal and from the New York Central Railroad will strike the Troy and Boston Railroad at Troy. And the business that is to come from the projected railroad from Oswego, through Ballston or whichever of these places it may pass through, will strike the Troy and Boston Railroad at Johnsonville, 16 miles this side of Troy.

There is one matter more with reference to this general subject which has been alluded to, where I have taken down a few figures, and that is in regard to the earnings of the Troy and Boston Railroad, and as to the profits which it is at present making. If I understood aright, I thought Judge Hoar, in a question which he put to Mr. Robinson, took the view that in ascertaining the amount of "net earnings" of a railroad, you are to deduct the amount paid for interest on its debt. I do not so regard it. In ascertaining justly the "net earnings" of a railroad company, I would say that you should see, in the first place, what it costs to operate the road, what are the running expenses, and what it costs to keep up the condition of the road and of its equipment, to such a standard that at the end of the year they shall be as good as they were at the beginning ; all over that, is properly to be set down as the "net earnings." In railroad matters, the capital stock and debt represent the cost of the construction of the road, or ought to do so ; and the interest and dividends represent the "net earnings." Now, if it is a mere matter of statement, when Judge Hoar presents figures showing that the Troy and Boston Railroad are earning only one and a

fraction per cent.,—if it is merely the result of his way of looking at the figures, if that is well understood, I have nothing to say about it. But if he undertakes, by presenting that account, to give the impression that the Troy and Boston Railroad Company does not earn any more than the result stated by him over the cost of operating the road, and over the amount which has been spent in keeping the road up to an equal standard condition, and keeping up its equipment, then he misapprehends the figures, as they certainly do not lead to that result. Of course, he does not mean to convey any misapprehension in this matter. I do not suppose that, or intimate it, for a moment; but if (as I undertake to say is the universal understanding of all railroad men everywhere) the “net earnings” of a road are the surplus which is left after paying the operating expenses and keeping up the condition of the road and the equipment, so that at the end of the year it shall be as good as it was at the beginning, then, if that constitutes the “net earnings,” there is no dispute, upon the testimony in this case, that the net earning of the Troy and Boston Railroad were, in 1869, \$209,387.16; in 1870, \$169,739.55; in 1871, \$199,041.79, and in 1872, over \$210,000. That is over $22\frac{1}{2}$ per cent. on \$3,500,000, which is about the amount of their debt and capital stock. For the last two years, it has earned just about 6 per cent. per year on \$3,500,000 or from \$3,500 to \$4,000 per mile. This, be it remembered, comes from what may be considered as virtually local business alone. Three years ago, I had occasion to look into the question, to see how much the average net earnings per mile of all the railroads in Massachusetts were, including the Boston and Albany, the Boston and Providence, the Old Colony and Newport, the Fitchburg, the Boston and Maine, the Eastern, the Connecticut River and all the other prosperous railroads of this Commonwealth, and I found that the average net earnings per mile of the Massachusetts railroads, in 1868, was \$3,303. The Troy and Boston Railroad, out of its business, which is almost exclusively local, has earned so much money that its net earnings per mile are more than the average earnings of all the railroads in Massachusetts. That shows that it is a tolerably good road.

Now, what objections are urged against the Troy and Boston Railroad? What are the suggestions which have been made against the road? It is not denied that it is a link in this line, and that, if it is not consolidated with the rest of this line, it will be absolutely necessary to make a running business arrangement with it of some kind. What are the objections urged against it? The one thing which is chiefly harped upon is this: that it has watered its stock,

and therefore it should not come into this line. To that suggestion there are two replies.

The first is this. Suppose it has watered its stock, what of that? What has that to do with the question of whether it shall be a part of this through line or not? Who has proposed to put that road in here on any basis founded upon the amount of its capital stock? What is the proposition which is put before you, upon which the Troy and Boston Railroad is to come in? What is the proposition to which they have assented in advance? It is this: that their property shall be put in at its value. If it is not worth a dollar, it will not be put in for a dollar's valuation. If their road is a valuable road, ascertained on just principles, then they hope to receive, whenever this consolidation takes place, the full value of it, as compared with the other roads along the line. If it is not a valuable road, then that fact can be shown, and it will not be put in for a large amount.

How is that value to be ascertained? It is to be ascertained in this way. In the first place, if it is possible, by an agreement which is to be assented to by the governor and council of the Commonwealth of Massachusetts; and if such an agreement cannot be made, then the value is to be fixed by commissioners who are to be appointed by the supreme court of Massachusetts. Is the State of Massachusetts afraid of commissioners who are appointed by its own supreme court? They do not come here and propose to go to the United States court, in order to avoid any possible prejudice that suspicious persons might imagine would dwell in commissioners appointed by the supreme court, composed of judges who themselves are appointed by the Commonwealth of Massachusetts, which has an interest in this line to the extent of many millions. No; this company come here and agree that the supreme court of Massachusetts, appointed themselves by the Governor of Massachusetts, may appoint commissioners who shall not only value the property of the Troy and Boston Railroad, but also the property of the Commonwealth of Massachusetts; a degree of confidence in the integrity of our supreme court, which, I am happy to believe, is shared throughout the length and breadth of our entire country. They have no apprehensions that, in submitting to such a tribunal, they will meet with any unfairness.

But I said there were two replies. The other is this: It is not true that the stock of this road has been watered. The suggestion has no foundation in fact; none whatever. It is merely talk and pretence. What has the Troy and Boston Railroad done? Let us ascertain the facts in the first place if we can, and then see whether they are obnoxious to any just objection on the score of principle. What have they done? They had at one time \$343,000 charged off to

surplus account,—the accumulations which they had charged off in adjusting their accounts for a period of many years. You will recollect that in 1862 their station was burned and all their books were destroyed, so that for those figures they have to go to the reports which they had furnished under oath, before that time, to the State of New York. For this reason, there is not that detail of figures which might otherwise be presented here. They had \$343,000 surplus charged off from year to year, and in addition to that, for a long series of years, instead of adding to their construction account, they had gone on, as all railroads do,—as it is a matter of complaint by our railroad commissioners that all railroads do,—and charged to expenses, paid from their income, an amount properly chargeable to construction, which Mr. Robinson told you in his judgment, would amount to about \$500,000 more. Now, I take it to be perfectly plain, that, as a matter of right, the stockholders are entitled to a distribution of the surplus earnings of their road over and above what is necessary to keep up the road to a uniform standard; and if these surplus earnings, instead of being divided to the stockholders, are used to add to the property of the road, to buy land, to build new stations, or to purchase iron for building side-tracks, to widen cuts and fills, it is properly chargeable to the construction account, and it is an amount which is properly represented by capital. And that is what this road has done in this case. Now, as showing that this is not an unusual occurrence, I will call your attention to the reports of the railroad commissioners of Massachusetts. In the first place, in their second annual report (two years ago), on page 99, they use this language:—

“It is of course known to the community that many roads have for years made no dividends to their stockholders, but the public probably have little idea how great an amount of income has been spent for their increased accommodation instead of being distributed among the stockholders.”

That is what the Troy and Boston Railroad did for twenty years. Again, in their third report, for the next year, on page 90, the commissioners speak of the “large amount of money charged under the head of expenditures in operating roads, that was not expended for that purpose at all, but went towards providing those new and increased facilities imperatively required to accommodate the growing business of the companies.” So we find that the stockholders’ money to the extent of \$843,000, instead of being divided to the stockholders, had gone into the improvement of the road and the increase of its property. The company then made this arrangement for increasing their

capital stock, by which the stockholders got \$500,000 in stock by way of stock dividend.

Looking at it in another view, let me call your attention to the amount of money which has been expended, and is now represented by the value of the property of that company as it exists to-day. I find, without giving a detailed statement, that some of the items are these. I will mention two or three of the items in a general way, which certainly are not excessive, as shown in the testimony here. In the first place \$1,100,000 has been realized in cash from the stock of the road. In the second place \$1,900,000 was realized from the sale of the bonds. In the next place there was \$343,000 which was charged off to surplus account. And, finally, \$500,000 taken from the earnings from year to year has been put into the improvement of the line. These figures make the amount which has gone in, in clean money, to the construction of the road and the purchase of its property, some \$3,843,000. Now, if, as I believe, there is no dispute about the facts in this case, I want to know whether this is to be stigmatized as watering stock; and, furthermore, I want to know whether it is objectionable on the score of principle. It certainly is not without illustrious sanction by example or by precept. I will cite to you authorities which I think must command the respect of this Committee.

In the first place, in 1867, for reasons precisely similar, the Western Company made a stock dividend of \$2,000,000, and it was justified on this very ground, and the Commonwealth of Massachusetts took its proportion of the shares. I went into the treasurer's office the other day and took down a list of the shares which the Commonwealth of Massachusetts received, amounting to hundreds of thousands of dollars of the watered stock, if that is the proper term to apply to it. It was not inconsistent with the dignity of the Commonwealth of Massachusetts to receive that stock and to put it in the treasury and use it. In the next place, I will cite to you the language of our friends of the Fitchburg Railroad Company in years past upon this same subject. I went to work,—not because it was interesting reading but because it was my duty to examine this matter,—I went to work and looked over the reports of the Fitchburg Railroad to see in what manner they had reported in reference to their construction account. I found that in the year 1846 the Fitchburg Railroad directors, in their annual report, show that there is a balance which the cost of construction represents over and above the amount of capital stock, of \$154,997.03, which was subject to a certain deduction of \$77,820.69. Referring to this surplus the directors say,—

"New stock is to be created for this balance and for other purposes after deducting the available means of the company, which are estimated at \$77,820.69."

Judge Hoar.—They never did, I believe.

Mr. Allen.—I did not say they did. I am citing their talk, and not their acts.

In the fourteenth annual report of the Fitchburg Railroad Company, in January, 1856, after saying that the cost of the road and equipment over and above the capital paid in was \$225,998.19, the directors, who were John J. Swift, Thomas Whittemore, Alvah Crocker, W. E. Faulkner and P. B. Brigham,—two of whom, Col. Crocker and Mr. Brigham, are at present directors of the company,—reported as follows:—

"You will observe the foregoing account of construction exceeds the sum total received for stock, in amount \$225,998.19, which sum construction has borrowed of income; and, at the proper time, say on completing the widening of the bridges now in progress, that sum may be divided amongst the stockholders. As you will not make but one such division, it would be the most prudent, therefore, to defer it until the proper time."

In the next report, after showing that the increase had got up at that time to \$280,774.76, they say:—

"We will remark, while upon this subject of dividends, that, from first to last, construction has used the income of the road to the amount of \$280,774.76, which sum, divided amongst the shareholders, would be equal to $7\frac{7}{8}$ per cent. That sum we conceive to be due to the stockholders, and it may be divided amongst them at the proper time in stock."

So that, although the Fitchburg Railroad Company, being a cautious company and distrustful of its ability to make dividends on any increase of their capital stock, have not yet got to that period when they are willing to do it, yet in talk, they sanctioned it; it was their plan for years, and it was so reported year after year.

Now, Mr. Chairman and gentlemen, in reference to the Boston and Lowell Railroad, I am sorry to say that I have not been able to get at the annual reports of their directors, as they are not in the state library, but in their annual statement to the railroad commissioners I found the item "scrip dividend, \$366,000." Accordingly, I looked up one of their old certificates of stock, and I found upon it this:—

“ There will be due and payable on the first day of October, 1873, to the then holder of these shares, 20 per cent. on the par value thereof, payable either in the stock of the company at par, or in money, at the option of the corporation, on the surrender of this certificate by the holder thereof, at the office of the treasurer. And until said first day of October, interest from January 1, 1867, at the rate of three per cent. per annum, on said 20 per cent. dividend, will be payable on the first day of January, annually, at the office of the treasurer, to the stockholder of such share, as recorded on the fifteenth day of December previous.”

This is referred to as a scrip dividend. I do not know whether it represents surplus earnings or not ; therefore, I make no charge on that subject. Charge, did I say ? I do not consider it would be a charge, for I do not say there is anything improper in the act. It is proper, if the facts will justify it ; if it is a case where the earnings of the road are sufficient to justify it.

Last Tuesday, drawn by an excusable curiosity into the hall of the house of representatives, to listen to the ballots that should be given for senator, while I was waiting there, I heard the title of a bill read which attracted my attention. It was a bill to authorize a horse-railroad company to add its earnings, expended for construction, equipment and real estate, to its capital stock. Where, of all the cities and towns of the Commonwealth do you suppose it came from ? It came from the city of Lowell, and the first section of the bill contains the following provision :—

“SECT. 1. The Lowell Horse Railroad Company is hereby empowered to add to the paid-up capital of the company, the amount of the earnings of the company that have been expended by them on construction, equipment and real estate.”

How far this bill has got in the House I do not know. I do not refer to it here to say that it is wrong, but to say that it is right, and to show that the same things which are brought up against the Troy and Boston Railroad Company here obtained the sanction of the Commonwealth, are endorsed by the example of the Boston and Albany Railroad, by the precept of the Fitchburg Railroad, and by the apparent intention of the legislature in regard to the Lowell Horse Railroad Company.

But what other things are alleged against the Troy and Boston Railroad Company ? It is said that they made a bid for the tunnel some two or three years ago. Well, I claim that that was a meritorious thing to do. I am authorized by Mr. Endicott, the present auditor of the Commonwealth, who was then in the state government, to state here this morning what has not been stated heretofore, that this bid of the Troy and Boston Railroad was not made

without the assent, expressed in advance, of the Commonwealth of Massachusetts. The Fitchburg Railroad were slow. They could not be brought to see that, whenever this tunnel was obtained, it must be paid for. They had the idea, they dwelt upon it, and I believe upon my soul they have it to this day,—that the tunnel may be got substantially for nothing. But the Troy and Boston Railroad recognized that whenever the tunnel should be obtained, something must be given for it. They made that bid, not by stealth,—I will not say exactly in accordance with the invitation of the Commonwealth of Massachusetts, but with its assent previously expressed by its proper officers, and it was accompanied with the express condition that the Fitchburg and Vermont and Massachusetts Railroad Companies should come into the arrangement with them if they would. It was a meritorious act, and gave the people here almost the first realizing impression they ever had that the tunnel was actually worth something. Why, when the contract with the Messrs. Shanly was made, there were plenty of people in this State—some of them, I think, are in this room this morning,—who, would have been willing and glad to surrender the Hoosac Tunnel and the interest of the Commonwealth in it to any responsible parties who would undertake to complete it.

That is all that has been said against the Troy and Boston Railroad Company, and when taken all together it does not rise to the dignity of any criticism which is worthy of the attention of the legislature in considering the question which is now pending before you. It does not furnish the least ground for belief or conjecture that these various roads when they are consolidated under this bill, or under some similar bill, will not work along together in perfect harmony. There has not been a tithe of the disagreement or controversy between the Troy and Boston Railroad and these other roads, that existed for years between the Worcester and Western Railroads. And yet we are all aware how harmoniously they get along together ; and when I think of this, if we may go from corporations and business pursuits to social life for illustrations, I cannot help remembering the maxim of Mrs. Malaprop, in regard to matrimony : “As preference and aversion both always wear off, ’tis safest in matrimony to begin with a little aversion. I am sure,” she says to her niece, “I hated your poor dear uncle before marriage as if he’d been a blackamoor, and yet, Miss, you are sensible what a wife I made.”

The Troy and Boston Railroad Company have heretofore entertained the idea that they had entered into an express contract, and were bound by an implied understanding, that they should come here and put their road into this line. Now supposing that, instead

of doing as they have done, they had sold their road to other parties. Suppose, for example, that the men who have the management of the Troy and Boston Railroad Company, instead of coming here and offering their road to be consolidated with others under this or a similar bill, had sold their road to a rival and perhaps hostile interest, who is there that would not have made an outcry against them, "that these New Yorkers had been playing a trick upon the Commonwealth, that they had been professing for the last twenty-five years to be in favor of a consolidated line for the purposes of a through business to the West, and that now they had betrayed the interests of the Commonwealth?" But they did not do it. I do not descend here to inquire whether there is any legal loophole out of which they could have crawled and escaped the obligations into which they have entered. No; these gentlemen who represent that road are men of honor, who regard their obligations; and they are men of wealth, who are able to fulfil them. They have come here in fulfilment of their pledges and in compliance with the understanding which they have entertained and cherished for twenty-five years, and they have come here because they believe that it is the true policy for this road to be consolidated into one great, efficient and harmonious line. If they had wished to put their road into the market and sell it for the greatest amount of money they could realize from it to-day, they would not need to come to Eastern Massachusetts to find a purchaser. It has appeared here before you that they have rejected large and liberal offers which have been made to them with a view to obtaining the control of their road. They have not sought, and they have not been willing to listen to any overtures for the purchase of their road, whether coming from the State of New York, or in your presence here from the counsel of the Lowell Railroad. They have replied to the counsel of the Lowell Railroad as they have replied to the parties in New York, "Our road is not for sale. We do not wish to sell it. What we wish is, to put it into a consolidated line." But I am authorized to state to you, in behalf of the Troy and Boston Railroad, that while the road is not for sale, and while, hitherto, they have not been willing to entertain any proposition for its purchase from any parties whatever, in New York or in Massachusetts, yet if the Commonwealth of Massachusetts finds it to be its best policy to take this tunnel line, as originally constituted, consisting of the Fitchburg, Vermont and Massachusetts and Troy and Greenfield Railroads, all of which are within the jurisdiction of the State, and if the Commonwealth wishes to get possession of the Troy and Boston Railroad, as a part of the tunnel line, that company will deal with the Commonwealth upon fair terms. It will not throw any obstacles in the way of carrying

out that policy, although it does not favor it as the best plan to be adopted.

And now I have simply to ask whether or not it is just, looking to the past, or whether it is wise, looking to the present, to make a discriminating consolidation against this road; whether it is wise to adopt the tone which it seemed to me characterized the remarks of Mr. Derby, who opened this case on behalf of the Fitchburg Railroad Company, and send these gentlemen home with a rebuff, with notice that they are not wanted here in Massachusetts, and to present inducement to them to offer their road as a prize or as a temptation to other and rival, and, it may be, hostile parties.

Finally, gentlemen of the Committee, let me express the hope that you will be able to so deal with this great question which is before you as to arrive at some result. Weeks upon weeks have been spent in this investigation, and it is not in the nature of things that another committee or another legislature should be any more able to deal with it wisely and justly than this Committee and this legislature. Now is the time for action. These leases which have been given on both ends of the Troy and Greenfield road expire with the completion of the tunnel, and this session,—to-day,—is the time for wise and efficient action in this matter. Next year it may be too late.

ARGUMENT OF CHARLES F. CHOATE, Esq.,

FOR THE

NORTHERN RAILROAD OF NEW HAMPSHIRE.

Mr. Chairman and Gentlemen:

When I first appeared before the Committee in behalf of a corporation outside of the limits of the Commonwealth, I supposed that I should say, in my opening argument, all I had to say on that subject; and when the time was assigned for the final hearing of this case, I had no expectation of receiving from the Committee permission to occupy any time; and in the few remarks that I have to address to the Committee upon this point, and this point only,—in regard to the Northern line of road, and its connection with this project of consolidation—I hope that I shall occupy much less time than the thirty minutes which have been allotted me.

I desire, in passing, to call attention to the several plans that are now before the Committee, because it seems to me that, in all the bills which are before the Committee, the possibility of a consolidation of the Lowell and Fitchburg Railroads is involved. I refer the Committee to the third section of the bill which has been presented here in behalf of the Vermont and Massachusetts Railroad Company. It seems to me that under that section the Lowell and Fitchburg Railroads can be united. The provision is that the Vermont and Massachusetts Railroad, in case it does not consolidate with the Fitchburg Railroad, can extend its line from Fitchburg to Boston, taking a part of any railroad which is necessary or convenient for the purpose, and may consolidate with such corporations upon a vote of their stockholders. It seems to me, therefore, that if the Committee, in the consideration of this question, arrive at the conclusion that it is not wise or proper to consolidate the Fitchburg and Lowell Railroads, that this section of the bill (which I do not mean to intimate in any way was drawn for the purpose), contains a grant of power under which such consolidation could be made, and should be, therefore, in some manner changed.

In regard to the proposition which is made by Mr. Crane, this also involves the consolidation of the Lowell and Fitchburg Railroads. While it would be less objectionable to the parties whom I represent, that these two roads should be consolidated in the hands of the Commonwealth of Massachusetts, than it would be to have them pass into the hands of a private consolidated corporation under the provisions of the bill to which I have just referred, still I think there are objections to it here. The Lowell Railroad really forms no part of the scheme. The scheme, as contemplated, is to form a through tunnel line. The Lowell Railroad forms no part of such a western line. As has been stated to the Committee, the Lowell Railroad runs north, and cannot be made to run west.

In regard to the plan of purchasing the Lowell road, it seems to me that the statement of Mr. Crane, that after he had obtained the Fitchburg Railroad, the Lowell Railroad Corporation would never pay five per cent. dividends, somewhat conflicts with his policy of buying that road and paying for its stock some fifty per cent. more than the stock sells for in the market. I understand that the stock of that road sells for \$118, or, with the twenty per cent. scrip dividend which has been referred to, it sells at about \$130 (I am not sure as to the exact figures); but Mr. Crane proposes to pay \$170 a share for stock which he says, after he has control of the Fitchburg road, will never pay five per cent. dividends. I think if the Commonwealth is going into the purchase of a railroad, it can do it somewhat more economically than that. Having obtained the Fitchburg Railroad, it should at least be limited to the value at which the Lowell Railroad stock sells in the market, if the State desires to purchase it.

I once more wish to call the attention of the Committee to this bill which is presented by the Lowell Railroad, "in amendment of the Act to incorporate the Great Northern Railroad Company." The difficulty with the Act which is now on the statute books to incorporate the Great Northern Railroad Company, is that it is wholly inoperative. It provides that four corporations, or any two of them, may unite to form the Great Northern Railroad Company. As three of those corporations are in New Hampshire, until New Hampshire agrees to give to one or more of those corporations the power to unite, the Act is wholly inoperative. Therefore, to make it operative, it became necessary to introduce a Massachusetts party—that is, the Fitchburg Railroad is brought in; so that there are five corporations now in the bill, any two of whom have power to act. The result is to give power and vitality to all the provisions of the Great Northern Railroad charter, as passed in this State in 1869.

This subject has been presented and has been discussed before the legislature in various ways. Sometimes it is spoken of as a simple proposition to unite two local railroads,—the Fitchburg and the Lowell roads; at other times it is spoken of as a proposition to unite two through lines—the Northern line and the Tunnel line: and at other times, it is spoken of as if the proposition was to take the Tunnel line and annex it to the Lowell road. All of these propositions I think imply the breaking up of the Northern line; and I desire to call the attention of the Committee to the fact that this bill revives all the powers which were proposed to be granted to the Great Northern Railroad Company.

It gives the right to this new corporation to exercise any power granted to the Great Northern Railroad Company, under the Act of 1869, provided it gets the assent of the States within which the corporations are situated, and under the laws of which they are created, where the power is proposed to be exercised. For instance, this corporation has the power, if it can obtain the assent of the State of New Hampshire, to buy out any one of the railroads in the present Northern line. It can buy out the Concord; it can buy out the Northern; it can buy out almost any other railroad anywhere within the limits of the State of New Hampshire, not connected with this line. If it can get the authority of the State of Vermont, it can buy up the Vermont Central Railroad, the Vermont and Canada Railroad, the Rutland Railroad, or the Vermont Valley Railroad, and so break up the through line. If it can get the assent of the State of New York, it can buy up the Ogdensburg Railroad, not with the intent or policy of perfecting any through line, but for the purpose of breaking up the existing line.

Now, I wish to call the attention of the Committee, briefly, to the evidence that has been presented on this particular question of the consolidation of these two roads, or the consolidation of the two lines. I have not brought any part of this testimony here; it comes generally from independent sources. It has come from merchants, from the representatives of various boards, from railroad experts; and I think I may say to the Committee that the testimony of every impartial, independent witness which has been presented before this Committee has been adverse to the union of these two roads; and the strength of the testimony, the emphasis which is placed upon the testimony, I think has increased in these witnesses in proportion to their impartiality, and in proportion to their knowledge of railroad subjects.

I first refer the Committee to the language of Gov. Claflin (Seventh Hearing, page 26):—

"Mr. Barker.—Do you think it would be bad policy to consolidate the Fitchburg and Lowell roads ?

"Mr. Claflin.—Yes, sir.

"Mr. Barker.—Whether in your opinion there would be any difficulty in obtaining sufficient terminal facilities for the Tunnel line, supposing the Boston and Lowell and Fitchburg were not consolidated ?

"Mr. Claflin.—Not at all."

Mr. Towne's statements, in the same hearing, I will say, without referring to the precise language, are pervaded with the idea that it would be injurious to the public interests to unite the Fitchburg and Lowell Railroads.

Mr. James F. Joy, on page 37 of the hearing of February 13, says, in answer to this question by Mr. Allen :—

"As a part of this same general subject, there is a proposal here to make a consolidation between the Fitchburg and the Boston and Lowell Railroads, the latter forming the first link in the line of the Northern Railroad, as we call it, running from here to Ogdensburg. I would like to have your opinion upon the effect upon the rates of freight, or the general advantage or disadvantage of consolidating the base ends of two lines of railroads which are to some extent competing lines ?

"Mr. Joy.—It might be very much for the interest of the corporations, perhaps, to consolidate, but, as a general rule, two roads aiming at the same business, or at places through which the business from the same section of country passes, ought not to be consolidated, in the interests of the public. I can conceive that, in the interests of the corporations, it might be a good thing possibly. For instance, take the Boston and Albany road and the Tunnel route, as you call it, and let them be consolidated together and run under one management, without any competition between them, I should think Boston would suffer very much. I am sure we in the West would. Two parallel roads, aiming at the same business, ought to be kept separate. Those roads would not be exactly parallel, but if they aim at the same business, and the object is to control the same business over the two roads, I should think the policy, so far as the public interests are concerned, would be against consolidation ; the interests of the two corporations might be greatly in favor of it. I think if Commodore Vanderbilt, for instance, could have obtained control of the Erie Railroad, together with the New York Central, when he aimed to do it, we in the West would have suffered very much indeed."

I understand the statements of Mr. Charles Francis Adams as entirely against the consolidation of these roads ; that his view is that they are to form the terminus each of its own line ; that we are to have a Northern line over the Lowell road, through the New Hampshire roads, and a tunnel line over the Fitchburg and the railroads of Massachusetts.

I think one of the most intelligent witnesses who has appeared before the Committee,—a gentleman perfectly familiar with the facts of business,—is Mr. Vinal; and his statement is as follows (Fourteenth Hearing, page 10) :—

“Now in regard to the Fitchburg Railroad facilities. They are now saying that we must draw from the Lowell road to strengthen these facilities, but I cannot see, for my part, what gentlemen can base any such argument upon. That combination,—I don’t call it a consolidation, I don’t think it is a consolidation,—that combination is simply a plan to control the business interests of this State. That is my view of it.”

Col. Faulkner (page 12 of the same hearing) says that he would sink every dollar of interest which he holds in the railroads of this State “rather than see the city of Boston bottled up by the railroads.”

And finally, Mr. J. W. Brooks, on page 13 of the hearing of March 6th, goes into this matter very fully. He opens as follows :—

“*Mr. Chairman*,—I think there are some questions under discussion here from day to day that are not so clearly comprehended by the Committee as they might be if the report which the commissioners got up,—the first report,—had been arranged in a somewhat different way. But coming to the question of increased business; from the beginning of the growth of the West in sending grain toward the seaboard for export, it was evident that the growth was so strong and so regular that I was convinced that by the time the tunnel was completed there would be a use for it and for all the remaining roads. I felt then, as I feel to-day, that the Northern road was a very strong road; and some correct remarks have been made since I have been here, that the roads having the most water-line upon them are a large portion of the year found to be the strongest lines. The Northern road gets that more than any other has, or can get, and I have felt that when we started the tunnel the Northern road was in existence, and the Western Railroad being the best, was on hand, and if we got another it would be a third route. But just as we are getting this third route comes up the question whether you shall return from the three routes to two routes again. The consolidation between the tunnel road and the Western Railroad, or with the Northern Railroad, will carry you back to the two roads that we had before the tunnel was built. It seems to me, that to go back from the three routes that we hoped to get, smacks somewhat of commercial suicide. All the reasons which have been advanced for such consolidation seem to turn upon the question of terminations, upon the question of the right way to take care of freight that will come over the road. Now, it would sound very queer to us in the West (when I used to be there) to say that Boston reduced her number of routes to the West because somebody has got a piece of marshland, because somebody has got control of a certain area which can be used for depot grounds. It seems to me a trifling reason for which to reduce

competition between here and the West to give such an excuse as that. It seems to me to be beneath the great dignity of the question, and I should hope the Committee would think the subject of more roads between Boston and the West of too great importance to be decided upon such slight grounds."

That is the evidence, as far as I have been able to find from the printed report which has been presented to the Committee on this question; the evidence of independent witnesses,—witnesses who, so far as I know, have no interest whatever in any corporation represented here before the Committee.

In regard to this Northern line, and what it is, I should like to read to the Committee from the report of the railroad commissioners of this State for the year 1871, which has been shown me since the last hearing. They were ordered to examine into the combination of through lines of Massachusetts roads with roads out of the State, and they report in this way. After stating what the connections of the Boston and Albany Railroad are, they say:—

"Next to the Boston and Albany, the Boston and Lowell is the Massachusetts corporation most actively concerned in the large railroad combinations. The position of, and the results accomplished by this corporation are, the commissioners believe, without a parallel. Owning in all but twenty-six miles of road, operating, altogether, but one hundred and twenty-five miles, and representing but \$5,000,000 of capital, this apparently insignificant company, through the energy and ability of its management, has, of late, exercised a most perceptible influence on the whole railroad system of the country, including the largest and most powerful of its combinations. The corporation has two direct and close connections with the West, one by way of Ogdensburg and the lakes, the other by way of Montreal, the Dominion and Detroit. Through these it has, during the last year, kept up a direct competition with the more southern routes between Chicago and the East, and, in spite of the greater distance traversed,—being the equivalent of fifteen per cent. of the whole,—this competition has been so effective that it has kept the rates to and from Boston and the West always as favorable, and often more so, than those to and from New York. This combination mainly operates, for through business, through the 'National Car Company,' a Vermont corporation, which furnishes to the several roads five hundred cars with adjustable axles."

They then give a statement of the tons of outward and inward freight carried, and the rate, which is sometimes as low as \$2.50 a ton between Boston and Ogdensburg, and in conclusion say:—

"Meanwhile, this combination, so important an element in the prosperity of the Commonwealth, though it controls 400 miles of road to

Ogdensburg, and 1,150 to Chicago; though it has more than 1,000 additional miles of road contributory to it, or fed from it; though it employs some 6,000 freight-cars in doing its work of transportation in New England, yet has only sixty-eight miles of it within the jurisdiction, or subject to the laws of Massachusetts,—not one-twentieth part of the whole."

We freely admit, Mr. Chairman, that the Boston and Lowell Railroad forms now, and has always formed, a most important link in this combination of roads. We have endeavored to show the Committee that there are others engaged in this combination. We do not wish to take anything from the eulogium which has been passed by the railroad commissioners upon the action of the Boston and Lowell road since it came into this combination; but it is the combination, the Northern line, which has done all this; it is the Northern line, not the Boston and Lowell Railroad, which has kept the rates of freight between Boston and the West as low, or lower, than between New York and the West. It could not have been done without the full concurrence and the full coöperation of the other roads of the line; and the evidence which was presented to the Committee the other day I think shows that this line is to-day in as effective operation,—is in more effective operation, so far as through business is concerned,—than it has ever been before.

Now, gentlemen, we do not come before you to ask you to enforce contracts: we know that is not your business; but we say this, that when we have shown you that the Lowell Railroad is in a combination, through contracts with other railroads, for the formation of this Northern line—which everybody admits, which all the testimony shows has been of vast benefit to Boston and to New England—you will not legislate in such a way as to afford an inducement to the Lowell Railroad to break those contracts. If you do not pass this bill consolidating these two roads, the Lowell Railroad remains just where it has been, its interest is just where it has been, to make a thoroughly efficient Northern line, and you will get that thoroughly efficient Northern line. It is only because its managers have an opportunity, or think they have an opportunity, to go into the Tunnel line, to go in by a combination with the Fitchburg Railroad, and do a better thing pecuniarily, that they give up the Northern line. If you refuse to pass this consolidation bill I am confident, if there is another hearing before this Committee, or any other, you will find Col. George coming here and extolling the Northern line in the same way he did in 1869. He then thought that it was the best line, a thoroughly Boston line, and the cheapest line between Boston and the West; and I think it is. I think the Northern line, commanding, as it does, during seven

months in the year, a communication by water with the port on the lakes which is now nearest the city of Boston, is, all things considered, the most important line for you to keep up ; not because it does so much of the business, but because it controls the rates, and acts as a competing line. The fact that it cannot get the business is rather in its favor. That is the very reason why you should keep it up ; it is the reason why it will continue to compete. If it had as much business as it wanted, then it would make the most money out of the business that it could without competing.

Something has been said here, in the course of these hearings, in regard to the consolidation of the Northern line of roads. I respectfully submit to the Committee that this has never yet been fairly tried. I showed the Committee the other day the bill which was presented, and you will recollect that the Massachusetts bill had this provision, that four corporations, or any two of them, could unite and form the Great Northern line. When they went up into New Hampshire to get New Hampshire to consent to it, they limited the number to two ; that is, they did not propose to let the Concord Railroad, or the Northern Railroad come into this combination, except upon such terms as they should agree to. That, I think, was the great error of that bill. What would have been the effect in New Hampshire if the petition had been presented in precisely the same form that it was here, that the roads which formed the component parts of that Northern line,—the Boston and Lowell, the Nashua and Lowell, the Concord, and the Northern Railroads,—might come together on such terms as they could agree upon, and with provisions which would subject that corporation to New Hampshire law, making it, to some extent, a New Hampshire corporation, I am unable to say, because the matter was never presented. The New Hampshire corporations have never been asked. The only inference we could draw from what was done was, that the parties wanted to get the power to act in New Hampshire, but really wanted to keep it all in their own hands, not that they were willing then to join the New Hampshire corporations in forming a through line of road. As I said before, I am unable to say what would be the effect of such a proposition as that, but I think it is clear to every railroad manager that a through line is not only an advantage to the corporations, but is a great advantage to the public ; and I believe a fair consolidation of these Northern lines is, to-day, the most advantageous thing for the railroad corporations which are included in them, and the most advantageous thing for the people of New Hampshire, and for the people of Massachusetts that can possibly be devised in regard to that system of roads. It is not that so much money is made by the direct business of a

through line, but a through line develops the country,—a through line brings cheap bread, which is the important thing for New England; a through line builds up towns along the line, and it is their local business which ultimately furnishes the profit to the line. As I say, it is for the benefit of the roads to consolidate; it is for the benefit of the people along the line of those roads that they should consolidate and form one consolidated Northern line, and I have no question that it is merely a matter of time; it is merely a matter of the method, the way in which it is presented, to bring it about.

Something has been said here in regard to the quarrels between the different members of this line; but as my friend Mr. Allen has remarked, they are not half so bitter as the quarrels were between the Worcester and Western Railroads. In fact, Mr. Chairman, I think the first preliminary of consolidation, the first symptom of it, is the breaking out of quarrels between the different parts of the line. It is the attempt of one part to get too much, or what the other part thinks is too much, that leads them to review the situation, and see what is to be done. I have been thinking the matter over, and the idea has occurred to me that this proposition of the Fitchburg and Lowell roads to unite is simply intended to act upon the various parts of those lines and spur them up, to make the consolidation which they ought to make. The two lines are to be a Northern line and a Tunnel line, and sooner or later that will come, unless some legislation is granted which will prevent it. I think the action of the Fitchburg and the Lowell roads is something like that of a coy maiden who is inclined to flirt a little to excite the jealousy of her natural partner, and the result, perhaps, will be the same in this case. If this thing is defeated, the result must follow, that the Fitchburg Railroad if it cannot unite with the Lowell, will unite with and become a part of the Tunnel line; and if the Lowell Railroad cannot unite with the Tunnel line and the Fitchburg, it will unite with and become a part of the Northern line.

It is hardly necessary, I think, to allude to the questions which were asked here with reference to the rates which the Northern Railroad pays. There were some questions which looked as if it was to be argued that the Northern road was trying to get the advantage of the Lowell road, in getting low rates on its business. I will simply say, that the rates which were paid by the Northern road, two and a quarter cents per mile for passengers, any railroad man would regard as liberal; that is, for one connecting road to pay to another. If you will refer to the schedule of rates given by the railroad commissioners in their tables of the rates received by the trunk roads terminating in Boston, from other roads which are situated just in this way, you will find that the rates paid by the

Northern road are considerably in excess of those paid to most of the trunk lines by their connecting roads. They are higher than are paid to the Eastern, the Boston and Maine, the Boston and Providence, or the Old Colony.

A single allusion to some questions which have been examined here in relation to the consolidation of other roads. The consolidation of the Old Colony and Newport Railroad has been referred to. I do not know whether it is to be suggested that that consolidation is one analogous to this between the Fitchburg and the Lowell Railroads. In my view there is no comparison whatever between them. The Old Colony consolidation is simply bringing in the various branches upon one trunk line. There is no competing road brought in. If there was any road that might, if it had been an independent road have been a competing line, it is the Taunton line; but that road was built by the Old Colony Company under a charter which provided that the two roads should be united as soon as the Taunton road was completed. It was built by capital furnished by the Old Colony road to connect the two shire towns of Bristol County. Before that road was built, it was a day's travel to go from Fall River to Taunton, a distance of thirteen miles apart. Other towns found it extremely difficult to get from one town in the county to another, and that the road was built to accommodate that part of the business.

In regard to the question of the consolidation or purchase of railroads by the Northern Railroad, it is not analogous to this. That company, with all its purchases of other lines, has a capital of only three millions, instead of sixty millions, which is proposed by this consolidation. The roads themselves are comparatively of little importance. The Concord and Claremont road, which was a little road running out of Concord, could be run much cheaper by the Northern Railroad than as an independent road. The Northern road, acting under a new charter, has extended that road so as to reach the Connecticut River. One-half of that road, which has been spoken of as a competing road, has been built by the Northern Railroad. With regard to the Sullivan road, that forms a part of the Connecticut River connection. It is a north and south road. It could be used, to a certain extent, to effect a competition and turn business from the Northern road; but it had its legitimate purpose as a continuation of the Connecticut River Railroad, to continue up to Bellows' Falls, and connect with the Vermont Central and Passumpsic Railroad. Its legitimate business is a New York business, and for that business it has always been used. Its business was not interfering with the Northern road, when it was bought; perhaps it was bought to prevent that being done, to pre-

vent an artificial competition being created ; but having bought it, it was put under the control of the Vermont Central road, to be used for its legitimate purpose, and by the contract under which the through line, of which the Vermont Central is a part, was formed, it is provided that the Sullivan road shall be used by the Vermont line for its legitimate purpose, as a down-river road, a north and south road.

I believe I have exhausted my time, but there is one thing further to which I would like to call the attention of the Committee, and that is this. It is said, that this idea of consolidation is simply to consolidate the existing capitals ; that there is no opportunity to water stock. As I look upon it, there is a vast opportunity for watering stock. They can put the roads together and pay out as much to the stockholders as they chose. Section seven of the bill, is this, "The capital stock of the Great Northern Railroad Company shall not exceed the authorized capital stock and debts incurred up to the time of consolidation for construction." Well, the authorized capital stock of the Lowell Railroad is something like a million dollars more than the issued stock. You have then, the capital stock limited to the present amount of debts and capital which would be about nine millions. I do not see what there is to prevent their paying their stockholders what they please upon terms of agreement. The roads are to be put together upon such terms as the parties agree, and if they agree to pay out money or bonds, I do not see that there is anything to prevent them. When they talk about their properties, one being worth ten millions and the other eight, I should think it very likely something of the kind might be done.

It has been stated here that there would be a diminution in expenses of some ten or fifteen per cent. ; just the same thing was told the Committee in regard to the Boston and Albany consolidation. The Western Railroad and the Worcester Railroad, at the time of consolidation, had each a capital, I think, of about five millions, and one great argument was that there was to be a decrease of ten or fifteen per cent. in the expenses of the two roads after they were united. Mr. Chairman, before they consolidated, one made a dividend to its stockholders of ten per cent. in cash, and the other made a dividend to its stockholders of forty per cent. in stock ; so that the united corporation after it was formed, had to pay dividends to the stockholders on twenty-five per cent. more stock or bonds than the two corporations did before. If there was a diminution of ten or fifteen per cent. in the expense of operating the roads, there was certainly a gain to the stockholders of twenty-five per cent. made at that time.

One further suggestion I would make, is this. It is said here that if those two roads are united, they will dispense with so much property ; I think they show that from one to two millions will be saved by putting the two roads together. My reply to this is, they will not have the same facilities for doing the business ; that the business of the Northern roads cannot be done over that line if they are consolidated, for their interest with the Lowell road is in the Western business ; it is in competition and could not be done. The simple result must be the building of a new road. There will be no less property in railroads. The Northern line cannot be left at the terminus in Nashua, and the probable result will be an expenditure of some two, three or four millions, and perhaps more. In my view, even if the effect of consolidation is to diminish the amount of capital invested in the Fitchburg and Lowell roads, the result will be to compel the investment of more capital in the building of another road to accomplish precisely the same business which is now done over the Boston and Lowell Railroad. .

ARGUMENT OF GEO. O. SHATTUCK, Esq.

Mr. Chairman and Gentlemen:—The Massachusetts Central Railroad is located on a line running through twenty towns, and nearly through the centre of the Commonwealth. It is crossed by ten railroads west of the Fitchburg, and over those it has a connection with more than one hundred of the towns and the cities of the Commonwealth. It expects to bring from the East to these towns such freight as the commerce of Boston and the manufactures of its neighborhood shall supply. It expects to bring from the West and through the tunnel the food and the raw material for the use of these towns. It expects these thriving and busy communities to send back over its line to the East and the West more than they receive. Besides doing this local business, it aspires to be a part of one of the great through lines over which the farmers of the West and the manufacturers and merchants of the East shall make their exchanges. With these aims, while it has been pushing its construction with unusual vigor, so that its grading and bridging from Boston to Northampton are now half completed, it has by contract secured the use of the ample terminal facilities which the Boston and Lowell Railroad Company has shown to this Committee. Unless hostile legislation or some great financial crisis shall check it, soon after the tunnel shall be open to the public, or perhaps before, it will be ready with these ample terminal facilities, with a line as short, with grades and curves as favorable as any other line, to do its share of the through and local business of the Commonwealth. But, like all railroads in process of construction, its outlay for months will be vast, while its income will be nothing. It must depend for its construction upon the confidence of capital. I do not say that any legislation will crush it, but by adverse legislation you can make its struggle for development hard and painful. You can reduce the value of its stock and bonds, and make its cost to the community larger by hundreds of thousands of dollars than it would otherwise be. This road is in its infancy, and it is therefore peculiarly under the guardianship and protection of the Commonwealth.

But what does it ask? Not for any grant from the State; not for any further favorable legislation; but simply that this tunnel,

this great public work, for which its stockholders and the towns and cities along its route have contributed their proportion, shall not be placed in hostile hands, where it shall be used to its detriment. That is all ; and I will venture to assert that no railroad in process of construction ever came to the legislature with a more modest or a fairer request than that.

That, if you place this tunnel under the control of a rival line, or transfer the title to a rival line (and any line using the tunnel will compete with ours), it will be used to our detriment, no further evidence than has been presented is necessary. Mr. James F. Joy, who has appeared here as a leading witness in behalf of what is called the tunnel line, was compelled to admit that if one competing road should have or control the tunnel, "it would be apt to stand in the way of the other." (Seventh Hearing, page 53.) Mr. John W. Brooks, a man of unequalled judgment and experience in railroad matters, who felt obliged to come here by reason of the interest in the tunnel which he had gained as a servant of the Commonwealth, tells you that "the tunnel should be either retained by the State, or that it should be so controlled by the State, *in whose safe hands it is placed*, that the lines on each side of the tunnel outside the present line should have equal rights with the present line." (Seventeenth Hearing, page 16.) Mr. Edward Atkinson, who objects above all things to state-ownership, says he would have the State retain the control of the tunnel, so that no road should withhold the chance from the other. (Fifteenth Hearing, page 31.) It must be obvious, too, that this control or ownership of the tunnel by any line would not only be adverse in practice, but the moral effect of that control upon the strength which our road needs for its construction would be immense. If our road stretches out its arms to the West to make favorable connections, it would be met with the answer that this tunnel, through which it must pass, is in the hands of a rival line, and it is at the mercy of that line. It is not simply a question of compensation for the use of the tunnel, but it is a question of the facility and ease of doing business, and, if the business community understand that this tunnel is to be under the control of a rival, competing, hostile line, they at once lose confidence in the road as a through line. It is of vast importance to the interior towns of this Commonwealth that this road should do a through business, not because (as has been suggested by the counsel for the Northern road, Mr. Choate) of the profit it should make from it, but that it may build up the business of the towns on that line, by furnishing cheap food, and thus develop the local business upon which it must rely for support.

But, as I said in the opening here, it seems to me hardly possible

that the State can seriously contemplate transferring the title to the tunnel under this Act.

Let us look for a moment at its provisions. The State is at once to convey the tunnel to this line. It is to pass out of the hands of the State. It is to be left to a commission, undoubtedly a fair commission, to be appointed by the supreme court, and the State is to be the plaintiff before that commission, seeking to establish the value of this tunnel. And what, gentlemen, would be the evidence with which the State would be met? Their own witness, Mr. Joy, tells us that it is utterly impossible for anybody to tell what is the value of that tunnel. They propose to put the Commonwealth in a position where she, as the plaintiff, must make out a case and prove a value or recover nothing. If the Commonwealth could not prove the value, the commission, however fairly appointed by any tribunal, could not find you any damages. The burden of proof would be on the State. Now, I ask if you intend, seriously, that the State shall part with its title to this property, and be left to the chance of proving what every witness says cannot be proved, or substantially lose the whole value of the tunnel? Why, gentlemen, if you propose to pass the tunnel into the hands of this consolidated tunnel line, I beg you to give it to them, rather than to leave it to any such tribunal as that; rather than to go through the mere form and farce of allowing them to discharge their obligations to the State by paying the petty sum which such a tribunal would award. If you give them this tunnel, they will then hold it upon a trust, and they will be estopped forever from denying that they are under obligations to the sovereign State; but if they pay you the pitance which such a tribunal would award, they will claim it as their own private property, which they have bought and paid for, and hold discharged from any trust. But if you charge them such a price as the State has paid for it, or anything like what its ultimate value will be, it will weaken, as has been shown here, the consolidated line, by giving them such an amount of stock, or such a debt, if they pay for it in bonds, that they will be unequal to the task of developing the line and providing for the great through business. The State can hold this property more easily than any private corporation.

There is another consideration. I do not come to advocate involving the State in the business of transportation. I do not know what the views of the Committee may be, but if you decide for yourselves that the State is not to take this through line, it seems to me that you will hardly take the responsibility of deciding that the Commonwealth shall never engage in this business; and if you part with the title to this tunnel, you practically say that under no

contingency, whatever the wisdom of the future, whatever the experience of the future may demand, shall any legislature hereafter provide that the Commonwealth shall do this business. If you hold on to the tunnel, the question may be kept open; we may wait for events; we may wait for experience, for any new light that may be thrown upon the subject. The national government may choose to undertake this business. The state governments may choose to undertake it; but if you decide to part with this tunnel now, you decide not only that you will not embark in this enterprise, but that nobody shall do it hereafter.

The question comes up, what shall be done with the tunnel? It seems to me very simple. The State need not engage in the business of transportation. They can build the tunnel and complete it, as the State undoubtedly will. They can keep it in repair; they can provide two or three of those smoke-consuming engines to which Mr. Brooks referred. They can appoint a commission to run it, or they can make temporary contracts with parties to do it. There is no substantial objection to it. It is as simple as the paving of the streets by the city of Boston. Nobody has suggested that the highways of this Commonwealth should not be taken charge of by the public; and this matter of keeping the great highway through the tunnel in repair, of drawing through it the freight and passenger cars of these other roads, does not involve the Commonwealth in any objectionable business relations. It does not make it necessary to send its agents to the West to secure through traffic, or to give through contracts. It is mainly the business of keeping the highway in repair,—a business which every municipal corporation in the Commonwealth has been engaged in from the beginning. It is a simple matter. The State can keep control. I have not seen anybody who has suggested here at any time, that the mere holding and maintaining control of this tunnel is objectionable on the part of the State. I believe that Mr. Atkinson said that ultimately he thought the State had better part with it. Mr. Joy, on the contrary, said distinctly, that in his judgment, as there could never be more than one tunnel, and as several lines might wish to pass through it, did not think the State ought to part with it. That was Mr. Joy's final opinion on the subject. So that in all this mass of testimony, I have yet to find anywhere any real objection to the State's controlling and managing this tunnel, if it does not engage in the business of transportation.

The only claim of right that I have heard presented by the Troy and Boston, and Vermont and Massachusetts Railroad Companies, is that they have been anticipating the tunnel for years, and labored to secure its completion in order that they might own it. I submit

that if they made that contract, which they made with the Commonwealth in the time Mr. Brooks was on the commission, in February, 1863 (Rep. of Com. p. 88), in good faith, they did not expect the property or control of this tunnel; when they made that contract, they said as clearly as language could express it, that the Commonwealth should hold it, and they would pay to the Commonwealth as compensation for the benefits derived from it, a large percentage (twenty per cent.) upon their earnings. Do they mean to tell us now, that when they made this contract as an inducement to the Commonwealth to put its money into this hazardous enterprise and complete it, they really did not mean to keep the contract; that it was a mere form, and that their real intention was in some way or other, to get the control and ownership of the tunnel? I do not think that will be seriously contended. But if they mean here, that they have been anticipating the benefits of this tunnel, that they have been anticipating the free use of this tunnel, that they would be enabled by its aid to do a large through business, their anticipation will be realized. The Commonwealth will grant to them and all these roads the freest use of it, at the most reasonable prices. This, as Mr. Brooks testifies, will secure capital enough to do all the through business. They shall have terms more favorable than their contract. Nobody here suggests that the Commonwealth is to hold them to its exact terms; it will be more liberal than that. But if they seek the control and ownership of it, we protest against it. They tell us here, that they only ask what is fair and just; but I assert that no attempt to gain the control of this tunnel can be fair and just. As long as they seek a proper and reasonable use of it for the public service, they are entitled to your support: but when they go beyond that, and ask for the control, ask for the ownership, they ask it because they wish to exclude somebody else. Private ownership of a railroad or highway is, in its nature a monopoly; the title is adverse, exclusive and hostile; and when they ask it, they ask it because they can say to other lines, "We have the absolute control of it, it is our property," and because they can exclude or injure or obstruct rival competing lines. Why, Mr. Chairman, take the case of a highway: if one of your neighbors, who has a perfect right to pass and repass over it as much as he pleases,—who has the freest use of it only by paying his proportion of the taxes,—should say he was dissatisfied with that, that he wanted the control of it, wanted the ownership of it, what other possible construction could be put upon it, except that he proposes to keep somebody else out of it? And when they talk to us about the fairness of this matter, I assert here that this whole claim to control and ownership is and must be in its nature, absolutely unfair and unjust to us.

I say, then, that the State ought to carry out any fair understanding with these parties. If they desire to hold the State to its contract, the State should keep its contract ; but when they go beyond it, and attempt to obtain control and ownership, it means, as Mr. Joy and Mr. Brooks say it means, that they will stand in the way of somebody else ; and, therefore, most earnestly, the Massachusetts Central Railroad, which, as I say, is as weak as any road in process of construction must be, which now stands only on the confidence of capital, which can only hope to succeed in its construction by retaining that confidence, comes here and asks that this public work, which they have contributed to pay for, shall not be placed, I will not say in hostile hands, but in the hands of any party that can by any possibility use it to their detriment.

We do not object to any consolidation of any lines ; we have nothing to say about it ; but we object to the ownership or control of the tunnel by any line, whether it be consolidated or not.

R E P O R T

OF THE

TWENTIETH HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

MARCH 19, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

ARGUMENT OF HON. THOS. L. WAKEFIELD.

Mr. Chairman and Gentlemen of the Committee :

The point to which I desire to call your attention is the interest of the Commonwealth in that portion of this great through independent line from Boston to the West, between the western entrance of the tunnel and Lake Ontario. It is true, I appear for certain parties residing in the State of New York, whose interests certainly I would represent, but they do not claim to come before you and demand or insist upon any legislation for themselves; they only come to show you their interest and sympathy with the measure, the importance of this measure to them, and that you may derive therefrom such benefit as the State may derive from a great through line for the benefit of Massachusetts. I might perhaps extend the limits of this consideration, from Boston through the tunnel to Lake Ontario, and thence by the Shore Line to the Niagara River, to Lewiston, or some near point, thence by the Great Western to Detroit, and by the Michigan Central to Chicago. But as every interest that is submitted to you urges the necessity of a line of that nature as a general line, I will confine myself specifically to the portion of the line which I especially represent,—that is, from the western opening of the tunnel to Lake Ontario.

The State has invested, or soon will have invested, its \$14,000,000, as the engineers estimate the amount, to complete the tunnel. We have expended nearly a quarter of a century agitating this subject, both in the legislature and out of the legislature,—determining, as far as we can, the importance of the tunnel to our Commonwealth; and for what other purpose can it be, except to open up a new highway to the West, to bring their fertile fields to our doors, and carry back the rich productions of our manufacturers and our skilled labor to the West; that we may interchange the labor of each department and the adaptation of each department of our country, the East with the West, and the West with the East, so that we may have the mutual benefit of it all, and if any surplus remains, as of course there will, that we may transport it from here to European ports, and bring back foreign merchandise and gold,

and thus increase our wealth and prosperity. Having advanced so far, we anxiously await some benefit from this great investment which we have made and are still making,—the realization of our hopes in this tunnel line. It seems to me a necessity, not only to domestic, but to foreign trade.

But, as I said, my object is to call your attention only to that specific portion of this line from the western end of the tunnel to the lakes. That line, as you have heard in evidence, rests in four distinct corporations, organized in the State of New York. I pass now from the tunnel itself, over the Troy and Boston road, I believe, to the point at Eagle Bridge, or Johnsonville,—which is a village in the vicinity of Eagle Bridge,—and from that point to Lake Ontario. From that point, through Ballston to Salisbury, all of these four distinct corporations, organized in New York, go upon the same line, substantially, and the divergence commences at that point. I say, substantially; there is a difference in the survey between the Boston, Rome and Oswego line, and the Boston and Ontario line, in a certain portion of it; but the surveys pass upon the same line from Johnsonville to a point in the town of Broadalbin or Mayfield, which is within six or eight miles of Johnstown. Johnstown is the middle point between Eagle Bridge and Salisbury, and then there is a diversion in the survey. The Boston, Rome and Oswego goes a little to the north of the Boston and Ontario line; but they unite again either at or before reaching Salisbury, and are but a few miles separate in that portion of their route.

The testimony which has been given you, especially by the engineer, Mr. Appleton, shows that the route of the Boston and Ontario line is far superior to the other line, both in the nature of the soil and the expense of construction, and also in the grade, which will be found—it being on the Northern line, which is surveyed—as represented by Mr. Comstock before you, about two hundred feet higher; but it goes down again to bring them to Salisbury. As I understand, it is substantially yielded by Mr. Comstock, who represents the Boston, Rome and Oswego road, that the route of the Boston and Ontario is superior. The distance is substantially the same. So far as I submit the matter to you, I shall make no question as between those two lines. Then, I say, they go together until they reach Salisbury, which is a point seventy-eight miles from Eagle Bridge, and from Salisbury, the Boston, Rome and Oswego line passes to Rome, where it comes in contact with the New York Central line, and thence around to Oswego. Then the other two roads from Salisbury go together upon the same line to Boonville,—which is forty-three miles from Salisbury, as

given to us by the engineer,—and then there is a divergence at that point, one going to Henderson Harbor, sixty-five miles, and the other to Port Ontario, forty-one miles from Boonville. It may not be material for you to go into the minute particulars of these two roads from Boonville, because it may be for the interest of the Commonwealth, under whatever course you may adopt here, to have possession, by lease or otherwise, of both or all of these roads. There is still another line which has been suggested to you, but which I do not particularly represent, which is connected at Boonville with the Black River road, which already runs, as I understand the evidence, to within thirteen miles of Ogdensburg, which would also connect and take, in that connection, the trade or commerce from Canada.

These being the facts, the considerations which I desire to submit are involved substantially under three heads:—

1. The importance of an independent through line.
2. The feasibility of this line as to construction and directness to the lake.
3. The location of the line, as compared with the New York Central line, so as to affect and take the local trade existing in the vicinity where this road will pass.

To the importance of an independent through line it hardly seems necessary for me to call your attention, because all (I may say all, I think) of the different bodies and corporations which are represented before you, seem to contemplate the necessity of a through line. Even the proposed consolidation of lines here, which do not, so far as they submit the matter to you, ask anything beyond their consolidations, still provide in their charters, submitted to you, the right and privilege to contract with other corporations, in and out of the State, and to form such an arrangement as a matter of some importance to them; plainly contemplating an independent through line. Whether they contemplate that or not, I think the evidence shows it to be a matter of necessity substantially at this time, under the arrangement that is about to be made, to avail ourselves successfully of the tunnel. I call your attention, in a word (and I will not take much time) in referring to the evidence of Mr. Joy upon that point:—

“Our difficulty in the West is in getting eastward with freight. We have now the Pennsylvania Central and Pittsburg and Fort Wayne, constituting one line, the Erie and the South Shore line, constituting another, the New York Central, the road through Canada and the Michigan Central, constituting another, and the Grand Trunk road, constituting another; and this year there has not been one of the roads—not one of them—that could take freight from Chicago during the winter, simply from inability

to transport it over their roads; all clogged, every one of them. The great want of the West is transportation toward the East."

That evidence is confirmed by Mr. Brooks, and by every witness, I think, who has given us any evidence especially upon that point.

Assuming, then, that that is the condition of things, and also assuming that this amount of transportation is constantly increasing, there seems a necessity for something to be done to open a way for the produce of the West to reach us, and for our productions and manufactures to reach the West. For the purpose of showing that this is constantly increasing, I call your attention, in a word, also, to the evidence given in the third hearing, commencing on the twelfth page, I think it is, in the evidence of Mr. Comstock. He says:—

"The tonnage of the two roads (the Erie and New York Central) rose from 991,039 tons in 1853 to 9,376,264 tons in 1871, being an increase of 846 per cent. in eighteen years, equal to an annual average increase of about forty-five per cent. Comparing 1861 with 1871, the increase of tonnage for the last ten years on the two roads has been about 28 per cent. per annum."

Then, referring to the above figures, he says:—

"The above figures show the increase of tonnage since consolidation to have averaged about 1,000 tons a day each year over the immediately preceding year, and that the increase of 1872 over 1871 was almost 1,500 tons a day.

"The company's report, just published, states that the tonnage of 1872, compared with that of 1867 (the year before consolidation) shows an increase of 162 per cent. during the five years.

"The report states such a surprising increase in the grain trade, and of the increasing commerce of Boston in that line, that I prefer to present the language of the report, as follows:—

"Prior to the date of consolidation no separate account of the grain business to Boston was kept. In comparing, however, the amount of that business in 1868, the first year after consolidation, with that of last year, we find that while in the former year we carried 794,930 bushels to Boston, in 1872 we brought 6,915,895 bushels, an increase of 6,120,965 bushels, or about 770 per cent. in four years."

Accordingly, I think, without reading any more evidence, I may submit to you that this demand is constantly increasing, and that it will continue to increase so long as the population of the West increases, and the capacity of the West increases to cultivate their fertile soil. That has been pointed out to you, showing you the

immense capabilities of the West ; and if it had not been pointed out to you, it is a matter of common notoriety.

Now, this must be provided for, and the simple question is, so far as this point is concerned, Shall this be provided for by the existing lines, or shall there be a new and independent line prepared from here to the West, and especially over the portion of the road to which I have called your attention? The New York Central line, as you are aware—and I think it has appeared in evidence—is now before the legislature of that State for the purpose of obtaining a grant to lay two additional tracks its entire length. That proposition is now before the legislature of New York, and is, of course, for the purpose of enlarging its capacity and equipping it so that it may, to some extent, meet the pressing demands of this trade. But if that were done, it only relates to the trade from the West this way and to New York city. We have a trade growing up in our midst ; our manufactures and our merchandise seeking an outlet to the West, as well as the West seeking an outlet to the East. For our own purposes, and for the interests of Massachusetts, we must provide for ourselves a method by which we may derive a benefit from the great investment which we have made in the Hoosac Tunnel, or substantially let it fall, and let the the trade of the West pass off to New York, and all the foreign trade go through that city ; or through Baltimore, or some other city that has immediate connection with the seashore.

Do we wish to connect with the New York Central and Hudson River road? If that is our purpose, then there is no occasion for our discussing an independent line beyond the Hudson River. We can extend our tunnel by the Troy and Boston road to Troy, and connect with the New York Central, and thus make our great tunnel and our great expenditure simply a tributary to the Central road of New York. Is that our purpose? I submit, so far as I have learned from the evidence before you, so far as I have learned from the investigation of the whole subject, that that is not the purpose of Massachusetts. Her purpose is to establish an independent line of her own, and I think that is the concurrent opinion of all the corporations and bodies that have been represented before you. If this is her purpose, to establish a line of her own, then where shall we go, unless we go by the line that I have submitted to you? Has any other course been pointed out? In fact, I believe, if the evidence had been taken on that point, it would have appeared that no other course is substantially accessible. When you reach the Hudson River you come, of course, in contact with the water-line that goes directly up by the lakes, and which is, when the Caughnawaga Canal is completed—which is now in progress of construction—con-

necting with Lake Champlain and the Champlain Canal, (the enlargement of which is now another subject of legislative inquiry), to connect with that line, making a water-line to the Hudson River. But that you do not contemplate.

You contemplate a through line by rail to Lake Ontario, or with such connections as you may deem it wise to make beyond that line. Now, is there any other line of railroad except that which I have pointed out to you? If you go further north than that line, substantially, to which I have called your attention, you reach back into the forests, and into the mountainous regions of Hamilton, Herkimer and Fulton Counties in New York; into a region which is not cultivated to a great extent; to a great extent wild, and, as I suppose, unsuitable and not feasible for a railroad. Where then will you go, except upon the line, or substantially the line, which I have pointed out? And that is a matter for engineers, because I am not here to represent any exact line any further than the engineers have laid it out, and the company have organized upon it with the privilege of diverging between their termini, from point to point in their course, as it is not yet made.

Well, will you go upon the New York Central line? I hardly believe there is any one before you who will ask or suggest that that really shall be the course of Massachusetts; to treat our investment that we have made in the tunnel and in this line through the Commonwealth, as simply a tributary to the New York Central line, so that all we can gain by it will be the little competition between Troy or Albany upon the way to Boston; so that there may be a competition with the Boston and Albany line. That is not the purpose, I believe, of any one. On the other hand, the evidence, as I understand it, is substantially that there is business enough for the Boston and Albany line and for the tunnel line also. We need them both. This is no controversy with the Boston and Albany line; but an effort to secure a through line to Boston, to bring the immense trade of the West here, and make this the port from which we are to ship to Europe,—some 200 miles nearer than New York,—instead of New York being the port. That is the purpose, and not for the purpose of any conflict or controversy with the Western Railroad. There is business enough for both, and I submit, if this were done, it would be vastly increased upon the Boston and Albany road, instead of being diminished.

Again, if that were so, if that were our only purpose, then we have no road to compete with the New York Central; we are subject to the New York Central. They may dictate terms to us as they please, except as we may get relief from our Northern line, already established and in the situation which has been represented

before you. I understand that even Troy, which we might suppose possibly would oppose this, concurs in the proposition for a new line from the tunnel to Lake Ontario. I understand from a gentleman who has appeared before you, Mr. Robinson, that there is no objection on the part of their road in any way. I understand the same from their corporators and directors, and from Mr. Tracy, from whom I have had direct information. I believe it is for the interest of Troy that this road should be opened, because they have then a competing line through to the West. As they are now situated, they have no competition; they are subject to the New York Central road, so far as railroad transportation is concerned. If this road be built, connecting as it does with the Boston and Troy line, then they may send their goods to the West or receive their goods from the West at Troy, on either line as they please. It would be for the interest of Troy, and, as I understand from the gentlemen connected with the Troy and Boston road, for the interest of that road also, that this road should be built.

Now, I might say that we are not left to what we might reason as the sound sense of this matter; but I say that it is the burden of the evidence, as given to you, and not only from the Western witnesses who have testified before you, but from the Eastern witnesses. I will call your attention to Mr. Stark's evidence on that single point.

On page eleven of the tenth hearing he says:—

“Now, in order to do business from the West as much as is expected to be done, and as is hoped will be done, in my judgment you want a road not only from here to the state line,—which is about one-sixth of the distances to Chicago,—but you want to control a road so long as it may be reasonable, clear from Chicago, in order to enable us to compete with New York, Philadelphia or Baltimore. I notice that the Baltimore and Ohio Railroad Company, in their last report, reported, in their profit and loss account \$500,000, which was expended in running steamers to Europe. Notwithstanding that loss they have made money and large dividends upon their stock. It is only a large road,—such a road as this would be, extending at least to Niagara Falls,—that could make such arrangements as would give them the full benefit of the export trade.”

Mr. Joy, also, when speaking upon the same subject, said: “It would be of immense importance to make a line looking to the West, independent of the New York Central, saving from twenty-five to fifty miles.” Mr. Joy also said if you could get a good road you could compete with the New York Central (7th Hearing, p. 47). And, further, that a good road would earn \$25,000,000, from Boston to Lake Ontario. Over the Lake Shore to Niagara

River, it would earn as much as a parallel line to New York city, the same distance (7th Hearing, p. 62). The same is confirmed by the evidence of Governor Claflin, and by Mr. Derby, who has made his statement before you, and who is a veteran in this matter, and was in the tunnel interest from the beginning. He says it was a part of the original intention to continue this line to Saratoga, thence to Sackett's Harbor, and thus reach to the lake. "The lake was the objective point to which this original road was directed, and the objective point to which we look is Oswego, on Lake Ontario." It is true, he named Saratoga and Sackett's Harbor. Saratoga is six miles, I believe, north of Ballston, where this line is proposed to go, and Sackett's Harbor is but a few miles north of Port Henderson, which is one of the points contemplated by the line I have submitted to you. So that it would be substantially the same line that was in the contemplation of those who originally inaugurated and urged the Hoosac Tunnel line.

The next point to which I desire to call your attention is, the feasibility of this line from Eagle Bridge to the lake. I will not take your time to read the evidence, but I call your attention to the evidence of Mr. Appleton, in the fifth hearing, on the 38th and 39th pages. He says, in substance, that the most costly part of the road is the bridge over the Hudson. From Ballston to Johnstown, which is a distance of thirty miles, it is very light. From Johnstown to Salisbury Centre, more than half light work,—a few miles very heavy,—that distance being about twenty-five miles. From the Hudson River to Ballston it is mostly gravelly soil. I suppose, gentlemen, you may be familiar, from his evidence as well as from the other witnesses who have testified to you, with the nature and character of that whole route, from the Hudson River to Salisbury. There may be these two difficulties, which are not insuperable, by any means, but easy, comparatively, in railroad making. First, the bridging of the Hudson River,—that is done now at Albany, and another bridge is being built, making two bridges at Albany. This, being further north, is as easy as any bridging can be in any locality, I suppose, on that river. The second point he speaks of is west of Johnstown, at what is called "Clip Hill," in general phrase there. I do not know that it has been mentioned here, but I have the pleasure of being acquainted with that country along almost the entire line, from the Hudson River to Salisbury. The witnesses testified, and the fact is well-known to me, that this is an open, well-cultivated country through the whole extent of this line; and one witness, Mr. Wait, I think, thought it was considerably superior to any portion of Massachusetts that he ever rode over, and he has been familiar somewhat with this State, and is acquainted

with every inch of the line. It passes through the fertile county of Saratoga, in the first place. A portion of that county may be said to be not very fertile, because it is sandy soil,—but, he says, it is just the kind of soil for railroad building,—and devoted to raising hay, rye, and different kinds of grain. Then passing through Fulton County, which has Johnstown as its shire town; and Fulton County, through that part of it, is one of the most delightful portions of New York, so far as its open and cultivated character is concerned.

When you go further north you reach a wooded territory; you reach the northern part of Fulton County, the towns of Garoga, Oppenheim and part of Mayfield, where you come upon the hills. But this line runs at a distance varying from about 20 miles, near Ballston, to 40 miles, all the way parallel with the New York Central line. At Johnstown it is only four or four and a half miles from the New York Central line, which lies along the Mohawk River. Then, when you pass beyond Salisbury, you have heard the evidence of the witnesses concerning the extreme fertility of the soil most of the way; there is a little distance between Salisbury and Boonville that is not so thoroughly cultivated, but they say it can be easily cultivated, and is valuable for commercial and agricultural purposes. You will recollect the statement of the president of one of these roads, Mr. Wright, if I am right in the name (it may have been Mr. Ives), who lives at Salisbury, that the amount of cheese, which is the staple product in that region, that was shipped from Little Falls, six miles from Salisbury, on the Central road, was sufficient to fill twenty cars daily during the period of the manufacture of cheese. They have a cheese train, you recollect, made up, and send twenty cars loaded with cheese. Of course, it takes the cheese from the territory lying north, which is brought down to that centre, but it shows the character of the products of that region. You will recollect that one witness testified to you that the dairies are immense; we should call them immense. They have large farms, with from seventy to eighty cows, and their product is devoted substantially to cheese manufacture. Well, this continues through to the lakes, and as you approach the lakes, the country grows more and more fertile and productive, which would furnish local trade, commerce and transportation for the new line through that region.

Then the consideration connected with the line before you reach Salisbury is this. It was testified to you by Mr. Wait, if I remember rightly, that this line, lying most of the way from five to eight or ten miles north of the New York Central line, would take a large amount of the produce of the northern parts of these counties, which now comes down upon their plank roads (partly plank roads.

their common roads) on their way to the New York Central line. They come down at right angles to that line of railroad. Take Broadalbin, for instance; it is on the direct line from Hamilton County—a large public way—to Amsterdam, which is upon the New York Central line. Eight miles distant from Amsterdam this produce, which is on its way seeking transportation by rail, would strike this line at Broadalbin. Then, if it desired to go West, it would come upon this line and save transportation over eight miles at that point before it could reach Amsterdam; or, if it desired to come East, it could take this line and come in this direction; or, even if it desired to go to New York city, and not to Boston, it would save that distance by coming upon the Troy and Boston road to Troy, and thence down by the other line to New York. That is one reason why the parties interested in the Troy and Boston road are favorable to this new line, which may aid their road as well as aid us here in this city.

Another department of business to which your attention was called as furnishing local transportation was the manufacture of gloves and mittens, which was particularly mentioned in connection with the business of the town of Johnstown. That manufacture was stated to be of the value of three millions per year. Some persons, not familiar with the region, were quite astonished, I suppose, at the magnitude of this business. I have taken occasion to examine personally into the matter, and I find that the single village of Gloversville, which is in the town of Johnstown, having about 6,000 inhabitants, manufactures about three millions of skins annually. They take every class that can be manufactured into gloves or mittens,—deer-skin and sheep-skin,—and they transform their bark-tanned sheep and lamb-skin into what they call dog-skin gloves and mittens, by the application of a certain process, making them soft and flexible; and from my own personal inquiry, I find that probably the great body of the gloves we buy in Boston that we call kid, are made from bark-tanned sheep and lamb-skin. But then prices are reduced, and they are made an important article of trade through the whole country. They take almost every class of skins that they can use, and manufacture them into gloves and mittens. About one million of the three millions used there are deer-skin, and the other two millions are of the other kinds. The thick and heavy skins, such as hog-skins, are split once, twice or thrice, as may be necessary, and then manufactured into an article that we buy, and that is bought all over the country. They are sent, not only to Boston and New York, but they are sent abroad, and all over the country. There is an immense trade of that kind. That accounts for what may perhaps

have seemed strange, that they should do a business amounting to \$5,000,000 a year. They cut up three millions of skins. And that is only Gloversville. Johnstown village, which is three and a half miles distant from Gloversville, does not do quite as large a business, but does a very large business of the same general character.

That is one department of their business. Another department, in the same county, is the tanning business. Governor Claflin has three tanneries in Garoga, about ten miles from Johnstown, where he takes his raw hides to be tanned, and brings them back to be manufactured, and then sends them to the West in the form of boots and shoes. Now, of course, they pass over the roads already in existence. And not only his tanneries, but there are tanneries all over the northern portion of Fulton County, and portions of Herkimer and Hamilton Counties. Their hemlock bark is devoted exclusively to the tanning of skins; and the leather is sent back here and manufactured, and then sent back there and further west for consumption.

Then Mr. West testifies as to the great number of paper-mills situated in the vicinity of Ballston, and the manufactories of hardware, axes and other articles of that kind, and a great variety of smaller manufactories at that place.

Now, having shown you, as I think, the necessity for this line that I represent, both to meet the requirements of the local trade, and as a link in the great through independent line from Boston to the West, the inquiry comes, What can Massachusetts do in relation to it? Granted that there is to be derived from it all that benefit, what can we do about it? That is the question that comes home particularly to us.

I submit, first, as a settled fact, that we must do something to avail ourselves of the investment we have already made. We have invested already, as we all know, to a great extent, in our Hoosac Tunnel, and we have got to invest more before it is completed. We must do something to save ourselves, or we are blocked just as effectually as though we had never opened the Hoosac Tunnel. We want a passage through to the West,—except, of course, we rely upon the New York Central line,—we want a passage for our merchandise to the West, and we want a passage for their productions to the East as well as they. We want to make Boston the great port for the exportation of grain and flour to foreign countries, instead of their being carried off to New York or Philadelphia or Richmond, or to any other point where the roads may centre, and thence seek an outlet from those points to foreign countries. That powerful influence which has been

referred to, exerted by Commodore Vanderbilt, on the New York Central and Hudson River line, would of course divert every pound of the produce of the West that it could to New York as its port. Every interest of New York city would be exerted to accomplish the same thing. If we are to stop and let it come over the New York Central, how much of it should we receive at Boston? Would not, almost as a matter of necessity, a great portion of it go directly down the river, and New York still be the great port for foreign exportation of our grain and surplus products of all kinds? Then, if we are to have it here, we must take such measures as will bring it here, and what else can we do, except we control, so far as may be in our power, a line which will connect our State and our tunnel with the great lakes? If we cannot control that, then, as I said, we are liable to have everything that comes from the West diverted to New York city, and that portion between the tunnel and the lake would be as effectual a barrier to us as it would have been if we had left the mountain unpierced.

Then the question arises, How can we make that line effectual? How can we prevent this trade from being diverted to New York? You perceive that unless we control it in some efficient way, either by contract or otherwise, the influence of New York city and of Commodore Vanderbilt might divert it still, when these roads were built. It is not enough simply to build a road from the tunnel to the lake; we must control it in some way, either by contract, by lease or by owning its stock; because, if Mr. Vanderbilt could get hold of that link, he would sever us from the West just as effectually as if we had no road to the borders of New York. Now, how can we control it? Of course it is not for me to suggest how. I only suggest that there are possible ways in which I think it may be done, under either plan that has been submitted to you. I am not here as counsel for any one of them in any way. But suppose it to be a consolidation of one or more of the different lines that come before you and ask for consolidation, is there any difficulty in so allowing them to consolidate as to have the substantial control of that portion beyond our borders? Certainly, you have the authority to authorize them to contract with corporations beyond the boundaries of this State, and you have the authority to impose upon the consolidated road here the *duty* of so contracting. You may make it a condition of their consolidation, that they shall so contract with the roads beyond, or so own stock, or so construct, as to control a road from the western border of our State to Lake Ontario. Is there any legal difficulty in that? Why, we have never practised upon it as though there were any legal difficulty. We have authorized our Western road to consolidate with the Albany and West

Stockbridge road. We authorized them to contract and to come together. Is there any legal difficulty in authorizing a corporation to contract with other bodies, whether individuals or corporations, outside of the limits of the State? By no means, there is no legal difficulty whatever. It is true, as has been suggested here by learned counsel, that you cannot establish corporations to go beyond the boundaries of the sovereignty, or the State. That is true; but you may authorize corporations within the State to contract with bodies outside the State; that we do daily. And you may authorize them to own property outside the State; that we do daily. Not only that, but in our own General Statutes, there is an express provision in the Act of 1870, which provided for the organization of corporations, (and it was also a part of the General Statutes) authorizing corporations organized under these statutes to hold property out of the Commonwealth and manage it. I refer to the Act, chapter 224 of the statutes of 1870, which expressly provides that a corporation may contract and hold property outside of the State. That is, I repeat, a part of the statutes. That can be done, and that you have the full power to do. I think there is no doubt about that. But I need not stop there. Every one of these corporations that comes before you on this subject of consolidation, presents to you the same thing. Take the consolidation of the Fitchburg and Lowell road, for instance, and look at their Act. It provides that they may consolidate with this, that and the other road, taking several roads out of the State of Massachusetts. There can be no doubt of that, I think. You may authorize them to contract. The next question is, supposing they do contract, Will their contracts be valid? Well, there can be no question upon the validity of the contract, provided there is no law in the State of New York that prevents such a contract, or if it is not contrary to the policy of the constitution of New York. There is nothing of that kind pretended here. Then in case you cannot build a railroad or form a corporation out of Massachusetts, you may authorize a Massachusetts corporation to contract for and own property in the State of New York, to any extent which, in your wisdom, you may deem proper; and that all of these roads call for. That will apply to each one of the separate propositions for consolidation that has been submitted to you.

Now there is another plan that is presented to you by my worthy friend, Mr. Crane, called the Railway Trust Company. Is that in any respect different from these? because, not knowing what course you may take, it becomes my duty to show you the way in which you can accomplish the purpose of the parties I represent, beneficially to the State of Massachusetts, under whatever system

you may see fit finally to adopt. What is the policy, then, so far as bears upon this question, of that system, if we adopt the charter providing that this Trust Company shall be formed? What is that different from any other corporation, so far as relates to the power of the corporation? is the question I desire to submit to you. I have nothing to do with the policy of the corporation, for that is no part of my duty before you, but so far as regards the power of aiding the roads in New York is concerned, what may you do under the corporation provided for by the Trust Bill, as it is called? What is that, so far as this point is concerned? It is the organization of a corporation within the State of Massachusetts. Certain men are named as corporators, who are denominated, also, trustees. The stock is to be divided into shares; it is to be held by stockholders; and eventually, when the thing is closed up, the corporation becomes the property of the State, so that cheap transportation may be more fully secured. That is the general plan. It is a corporation just as much as the Fitchburg Railroad is a corporation. It is a creature of the State, and may not the State clothe that creature, under that name, that corporation—called a Trust Company—with the same powers that it can clothe the Fitchburg Railroad or any road you please? Most manifestly it can. It would be an extraordinary thing if it had the power to clothe one road with authority to contract out of the Commonwealth, and had no such power to clothe another with the same authority. There is nothing, then, so far as relates to the powers which you may give to this Trust Company, different from any other corporations. It is true it is under a different management, but there is nothing substantially different in the authority for them to contract.

Now, then, what can you do if you vote to adopt that method? You may authorize that Trust Company to contract with any corporation out of the State. You are not extending that corporation beyond the borders of Massachusetts, as a corporation. You are designating certain individuals as corporators and members of that corporation, with certain powers, not to run it for their own interest, but to run it for the interest of the State. That does not qualify the power they may have, because they run it for a different interest. They run it for the benefit of the State eventually; a private corporation runs a road for the benefit and interest of the private corporators, while it incidentally operates for the benefit and interest of the State. I have not been able to find any possible reason why the same power might not be given to that corporation to make contracts with any foreign corporation, to lease the road that I represent,—the Boston and Ontario,—or either of the roads that it may see fit to lease, that can be given to any other corporation. Or, if it sees fit

to loan its credit, either to build the road or to buy its stock, if it is important for the interests of Massachusetts,—and that is the only question,—there is nothing to prevent your giving that road the same power which you could give to any other corporation. We granted aid to the Western Railroad, and there was no question made, at that time, of our authority to grant that aid, that I am aware of. If there was, it seems to have been settled now that the legislature has power to grant the aid of the State to a corporation, if it is for the benefit of the State; otherwise, they could not do it. They have done it to that road, and may they not loan their credit to another corporation to build another road? That was not a loan to build a road out of the State, but it was to build a road for the benefit of the State. This would be to build a road and hold it by such authority that it could not be broken by Commodore Vanderbilt or any other power. You could loan your credit for it, unless there is this difficulty,—and it is well for us to consider every aspect of this case. It has been stated before you in evidence, that you could not loan your credit for that purpose, because it would imply taxation. If you were to loan your credit, and the bills were not paid, interest and principal, by the road itself, the State would have to pay, and then is raised the question of taxation. Has this legislature the power or authority constitutionally to authorize a condition of things where the people have got to be taxed? We have settled that, so far as Massachusetts is concerned. You loaned your credit to the Western road; you loaned it to the Hartford and Erie road; you loan it to any other road you see fit, although it may be found a bad investment sometimes. But it is a question now of power. Manifestly, you have the power, and it has so been recognized for a long series of years, to loan the credit of the State to build railroads. Why? By what authority—if there is any thing in this question that has been raised? The only possible answer is, that you have loaned it for the public service. That is the only possible ground, because you cannot authorize taxation except it be for the public service. That seems to be the provision of the Constitution. I will read a portion of the section:—

“Full power and authority are hereby given and granted to the said General Court from time to time to make, ordain and establish all manner of wholesome and reasonable orders, laws, statutes and ordinances, directions and instructions, either with penalties or without; so as the same be not repugnant or contrary to this constitution, as they shall judge to be for the good and welfare of this Commonwealth, and for the government and ordering thereof, and of the subjects of the same, and for the necessary support and defence of the government thereof.”

That covers the power. Now as to the taxation :—

“And to impose and levy proportional and reasonable assessments, rates and taxes upon all inhabitants of and persons resident and estates lying within the said Commonwealth; and also to impose and levy reasonable duties and excises upon any produce, goods, wares, merchandise and commodities whatsoever, brought into, produced, manufactured or being within the same.”

And among the things for which this money may be disbursed is “the public service.”

Now, when you loaned your credit to the Western Railroad, making a possibility of taxation, it was because you had the right to make all reasonable laws for the public welfare, and levy a tax, provided it would be for “the public service.” That was a private corporation, and, as such, would not come within the constitution, but it was so far for “the public service” that, although built for private purposes, it was for the transportation of produce and passengers from one part of the country to the other, and was so similar to a public highway in that respect, that it was for “the public service” to that extent. That is the reason, and the only reason why you have the right to raise a condition where there may be a possibility of taxation.

Now, What is there different in loaning the credit of the State to this Trust Company? for I must satisfy you of the legality of that if you in your wisdom should adopt that plan. You loan your credit for what? It is said that if you loan your credit there may possibly be, at some future time, taxation to pay. If the estimates of all these worthy men who are acquainted with railroading and the business of the West are reliable, that point will never be reached when you will have to tax the people to pay these bills; but nevertheless it is important and proper for you to consider this subject. Now, in what particular is this Trust Company different from the Western Railroad when you loaned your credit there? That was a private corporation. It was only public as any corporation that may be chartered is public. This road is, in terms, a public corporation. It is organized as a public corporation, for the public good; entirely for the public good, and indirectly only for private interests. Even if it were a private corporation it is especially true that you might tax for the purposes of this road, because it is built wholly for the public interest, except the indirect interest of the stockholders of six per cent. annually. When you refer to the Act which is presented,—I have nothing to do with the Act; if you can make one that is wiser and better and accomplish this great purpose, then improve it,—you find that this Atlantic and Ontario Trust

Company is to be organized "for the purpose of acquiring, and are hereby authorized and empowered to acquire, for the perpetual benefit of the people of this Commonwealth, the Hoosac Tunnel, and the roads, franchises, rights and privileges of the following named railroad corporations," etc. "*For the perpetual benefit of the people of this Commonwealth.*" That is what it is organized for. Now, if you can tax when it is not exclusively for the benefit of the people of this Commonwealth, and understand that that is perfectly legal, can you not when the corporation is expressly for the purpose of benefiting the people of this Commonwealth? I can see no possible reason why, if the rule applies to one it may not apply to the other company.

I will ask your attention to the definition, as given by the court, in a brief word, as to what may be considered "for the benefit of the people," so that a tax may be levied. I have only a newspaper report of it, but it is substantially the decision of the court in reference to the Act passed at the extra session of the legislature authorizing the city of Boston to issue what are called fire-bonds. In discussing this question, for what purpose taxes may be levied, the court says: "The power to levy taxes is founded on the right, duty and responsibility to maintain and administer all the governmental functions of the State to provide for the public welfare."

So it must be "for the public welfare."

Another sentence in the same decision is: "If an expenditure is in its nature such as will justify taxation, under any state of circumstances, it belongs to the legislature exclusively to determine whether it shall be authorized in the particular case; and however slight the emergency, or limited and unimportant the interests to be promoted, the court has no authority to revise the legislative action."

Now, if it is a matter affecting the public welfare, for which taxes are to be levied, the legislature have supreme control, and the courts cannot interfere with it. If, on the other hand, it is for private interest, and not for the public welfare, that Act would not stand. The simple question is this: Is the Trust Company an organization for the public welfare? If, in your judgment, you deem that it is for the interest of Massachusetts, then it is for the public welfare; and although it is a matter on which, possibly, taxation may arise, it would be for the public welfare, within the very terms of the constitution and the decision of the court.

I have already taken your time longer than I intended. I will simply say, that it is important to have this matter done as early as possible, because, as we see now, there are movements all over the country to divert this trade. You will see that a hearing has recently been had before a committee of the New York legislature on this

subject. Sir John Young appeared before them, urging the great advantage of opening the Caughnawaga Canal, connecting with Lake Champlain, thence down the Champlain Canal to the Hudson River, and thence to New York city. He says, that by this route they can transport grain in vessels of nine hundred tons from the far West to New York city, without breaking bulk. It is necessary it should be done immediately, he says, in order to save the trade to New York city. In discussing that subject, he refers to the efforts that are being made to divert trade to Richmond, by the way of the Chesapeake and Ohio Canal, to Baltimore, by the Baltimore and Ohio Railroad, to Philadelphia, by the way of the Pennsylvania Central Railroad, and to New York, by the the way of the Erie and New York Central roads; and alludes to various measures that are being adopted to bring this freight to the seashore, referring especially to this very means that I have now suggested of transporting by the way of the lakes to Boston. On that account, I call your attention simply to the fact that it is important that whatever we do should be done quickly, in order to save to ourselves the great advantages that we ought to derive from it.

ARGUMENT OF EDWARD CRANE, Esq.,

FOR THE

ATLANTIC AND ONTARIO TRUST COMPANY.

Mr. Chairman and Gentlemen:—I hold in my hand a letter from Mr. Morton, dated in the afternoon of March 17th, stating that his physician has absolutely forbidden his appearing in this case, as the state of his health is such that it might cost him his life. He regrets it very much, and expresses the wish that other counsel may be substituted. He says he very strongly desired to argue this case, as he thoroughly believes in it. With this short notice I have been unable to obtain other counsel and give them the necessary information, and I must, therefore, with the permission of the Committee, endeavor to aid them, so far as I may, with my feeble efforts in the right solution of this question.

Before proceeding, I wish to read for the benefit of the Committee, a few extracts from the message of Governor Washburn to the present legislature. The first extract you will find on page 8. Speaking of the Hoosac Tunnel, the governor says:—

“The Commonwealth should immediately prepare itself to reap every legitimate benefit to which it will be entitled upon the consummation of this vast undertaking. By means of the tunnel, our chief city may not only be brought into shorter and more direct communication with the great lakes of the West, but through this channel Chicago will be brought nearer to the tide-water of our own State than it now is to New York City. In this view of the matter, the interests at stake are of such consequence that they cannot properly be remitted to a careless or secondary consideration.”

* * * * *

“To secure efficiency of action and direct responsibility, the entire route must be brought under the immediate control of one body and be operated by one head.” * * * “The corporation will be but the servant of the State, entrusted with certain powers to be used for the public good.” * * * “With the proposed consolidation effected and these distributing agencies made possible, I doubt not we shall speedily find the tunnel route a favorite with shippers and travellers, and a great source of revenue and advantage to our people.”

The bill which has been presented before you, gentlemen, by myself and associates, provides for the purchase of the roads therein named for the purpose of making a through line, under one head, from Boston to the Hudson River, above Troy, and for aiding in building an extension thereof to Lake Ontario, and by lease or other means securing a connected but independent line to Chicago.

Gentlemen, is such an independent line to the Lake and to Chicago desirable, and if it is, what interests require it to be made? The mercantile interests of this city and State have been waiting now for more than twenty years for the completion of this tunnel. They have been expecting that when this tunnel was completed we should have an independent line of communication to the points of competition that lie between the West and the seaboard.

In order to accomplish this end, it becomes important that we should have, first, the shortest and most direct line that can be made in connection with the tunnel to Lake Ontario. The evidence before you on this point, as it has just been summed up by Mr. Wakefield, is, that the character of the country is such that it admits of the building of a direct line of road through an open country which will bring Lake Ontario practically as near Boston as it is to New York.

The lake is the first great point of competition between the West and the East, and it must continue so while water transportation can be carried on more cheaply than rail transportation. The evidence before you is, that by shortening the Vermont and Massachusetts road, and by shortening somewhat these New York lines, Lake Ontario can be reached at a distance of three hundred and thirty-five miles from this city.

The evidence before you as to the distance from Oswego to New York City, by the Midland Railroad is somewhat conflicting. From my own personal knowledge, having been over a portion of the line, during the last summer, with the treasurer of that corporation, I am sure their first reports, copies of which have been presented here, are incorrect. They found when they came to build the line, that it was essential to elongate it, in order to overcome the heavy mountain barriers that stood in the way, so that the distance actually travelled by that line, from New York City to Oswego, will be rather more than less than the distance from Boston to the lake, at the point where we strike it, or the point where we may strike it,—twenty miles north of Oswego.

I say our commercial interests require this to be done; and when I speak of commercial interests, I need hardly say that they are of vast magnitude,—increasingly so; and it becomes you in the settlement of this question to settle first in your minds this point: Can

we by the right solution of this question aid the commerce of the city of Boston? It is to this point that the governor calls your attention. I think you can. And not only can you do it, but it is your duty to do it *now*, not at some future time. It is your duty to settle this question: Can we not, with a line of railroad reaching from Lake Ontario, 335 miles, to this harbor, transport so cheaply that we shall have nothing to fear from competition from any source whatever?

And in the settlement of that question it becomes you to investigate, first, What does it cost from Oswego by canal to Albany, and thence to New York, during the seven months in the year in which that watercourse is open? Second, What will it cost by rail from Oswego by their shortest route, the Midland route, over their mountains to New York city?

Then, the next question is: If the State of New York should build the Caughnawaga Canal, which has been referred to here, from the St. Lawrence to Lake Champlain, can you then compete successfully from Lake Ontario, over this line of railroad, with that water-communication, which would be open seven months in the year in the carrying of the cereals of the West on their way to Europe? And on that point I will call your attention to the report of the commission in 1870 (which was very early put into this case) of the cost, irrespective of profit or loss, of canal transportation from Buffalo to Albany, 360 miles. I will call your attention, also, to the statement in that report of the cost of railroad transportation from the lake to Boston by the way of the tunnel, and over this line directly through Northern New York, 335 miles.

In that report you will find evidence, which has never been disputed or called in question (and the proof is positive as to the items of this cost), showing that if, to-day, the Caughnawaga Canal were built from the St. Lawrence to Lake Champlain, and communication should be open from Lake Champlain to Albany, on the Hudson River, this line of communication with Lake Ontario would still be the cheapest line on which to transport the cereals of the West on their way to Europe; and whichever line can do the work the cheapest will have it to do; whichever city can handle freight the cheapest, other things being equal, will have the business. If you will take the testimony which has been brought before you, you will be able to satisfy your minds that this line will be and remain the cheapest line from the lake to the seaboard of all the lines of communication from the West to the East. And when the series of canals shall be completed, by enlargement and construction, and united, you will have a line of water-communication through the whole country

occupied by the great lakes, and the point of competition will be transferred from the upper lakes to the lower part of Lake Ontario.

The merchants who have been waiting for the completion of this tunnel have been expecting that you will legislate so as to reach the points of competition; and the points of competition, as laid down and agreed to by all parties here, are (1) a short line to the lake; (2) at Ogdensburg on your right; (3) at Buffalo and Chicago. As you go towards Chicago, you may connect with Buffalo, on Lake Erie, by running a branch line thirty miles in length. And that is what this bill calls for. By a vote of two-thirds of the corporators, that is, twenty out of thirty, voting thereon, "this corporation shall have the right and are hereby authorized and empowered to hire any other roads that may be required in order to extend said line to Ogdensburg, Chicago and Buffalo, and to operate the same." That is what it means.

Now, if you strike at that point you will aid this commerce. No way has been shown to you, by anybody who has appeared before you during these hearings, and there is no way, by which you will reach the points of competition by simply going to Troy. It is conceded on all hands,—no one calls it in question,—and the evidence is positive, that the points of competition lie, *in the shortest line to the lake, at Buffalo, at Chicago, and at Ogdensburg*; and there they will remain, while that great North-west, which Mr. Coffin has delineated on the map which hangs behind you, and which he has so fully described, shall remain. They will remain the points of competition to-day, to-morrow, and at the close of this century. While these water-courses remain they will settle the price at which the products of the West will be carried to market, in preference to any line of railroad you can build, now or hereafter. Railroads can compete with artificial water-ways, and beat them; free navigable waters no railroad can compete with, excepting in those cases where the terminal expenses are so great as to turn the scale.

The great West, as has been shown in evidence before you, during the time of navigation, when those lakes are open and there is free intercourse between the West and the East, finds no difficulty in sending forward its freight. There are cars in abundance; but the very moment the water-courses are closed, the railroad companies begin to combine and monopolize, and put themselves into positions to reap the greatest harvest with the least possible amount of work.

I want to call your attention to what, as it strikes me, has been clearly shown in this case; that by reaching Troy we only get to a point where we become, as we have been now for twenty years, simply the tail of the kite of the New York Central Railroad. Why, gentlemen, the evidence has been put in before you that, while this

hearing has been going on, combinations have taken place beyond your control, and beyond your reach, by which a discrimination is made against Boston, of fifteen cents a hundred at Chicago, and our merchants are obliged to succumb to it. Do you desire simply to remain tributary to the New York Central Railroad? If you do, then complete another line to Troy and send every ton of freight, that you start from here for the West, over that line to Buffalo; and then you will enable that corporation to carry freight to New York City more cheaply than she is doing to-day. You are passing fifteen hundred thousand tons of freight annually from Albany across that bridge coming East. That fifteen hundred thousand tons of freight brought over the line of the Boston and Albany Railroad in 1872, taken from the New York Central Railroad, would have diminished their dividends to 8 per cent. on their capital. The loss of it would have increased the expense of operating the New York Central road; and just in proportion as New England seeks that line she throws herself into the arms of New York. The truth is so plain, I am surprised that any one should fail to see it. I hope there is no member of this Committee who cannot, or will not, see that that is the fact, as things now are.

Then, when you have extended this line to the sources of supply, the evidence before you is so very complete as to the amount of business to be done that I will not trouble the Committee by going over it in detail. It is overwhelming. The growth of business and population is such as almost to make our heads giddy in contemplating the future. None of us have any adequate conception of it. The wisest men, the most enthusiastic men, that we have had for the last thirty years have fallen very far short in their estimates of the actual results. The truth has outstripped every statement made thirty years ago, and it is this increase that we must consider in dealing with the questions about the future commerce of this city, and the future business of our merchants.

Now, if we build this main line to the lake, as is provided for by the bill which I advocate, what has Massachusetts to put into it?

First, we have the Boston and Lowell Railroad and its branches. That is the first road that you ought to put into the tunnel line. The reasons are these:—

First, a passenger station, adequate to the wants of a great through line to the West, is nearly completed; it is well situated, and capable, now and in the future, of doing that work without farther expense.

Secondly, you should take the Lowell Railroad, because you will get with it, as I have shown to you by evidence which has not been

contradicted, real estate and property worth \$3,600,000. You should take the Boston and Lowell road, because it is economy to do so ; it is the cheapest way to get terminal facilities.

Thirdly, by taking that line of railroad you place the city of Lowell in connection with the same railroad government which reaches to the West, and you put Lowell, relatively, in just as good a position as the city of Boston is. Her citizens and merchants all desire it, and it will give them all the blessings which will arise from this change. In the next place, you will give to Lawrence, and Salem, and all the connections on that line, the same advantages that will be derived by Boston. The manufacturer who has a bill of goods to send to the West will bill his goods from his manufactory ; and Salem, with its harbor and its surroundings, will receive the same benefits ; and we thus secure for our people in the cheapest possible way all the advantages which we desire to secure for them by taking the Lowell Railroad.

In the next place, you should take the Fitchburg Railroad in that line ; the Fitchburg road is a natural connection. It is a connection which has been contemplated for more than twenty-five years, as has been shown you here in the evidence, and in taking that road you get it by paying \$4,000,000 for its capital stock, and paying the premium on it as we do upon the Lowell. It is a cheap property. The evidence before this Committee by all the gentlemen who have testified as to the fact is, that the Fitchburg Railroad, at the prices named, and as it stands to-day, is cheap property ; but in the future, with the growth of business, it will become immensely valuable, and the territory which they have is also immensely valuable.

By taking that road and the Lowell line you solve another question which is of great public importance, and I presume it will be so argued to you by the counsel of the Boston and Lowell Railroad, —this is, how to get rid of the crossings in Charlestown and Somerville. The importance of this has not been overstated by any gentlemen who have been before the Committee. It is extremely desirable that these crossings should be avoided. Let an accident occur there, and there is not a man on this Committee who will not reproach himself, that when the opportunity was afforded to get rid of these crossings, he failed to do it. It is important in order to save life ; for some day, in a fog or by the running away of an engine, a terrible accident will occur at these crossings. You have now, in the legitimate pursuit of what you, gentlemen of the Committee, wish to accomplish, the means of avoiding that difficulty, and for the public advantage ; and, laying aside all other benefits, you should take that road for financial reasons ; because it is wise economy. The Eastern Railroad in buying that property, will buy

that which they want, and sell that which they do not want; and by that means this line will cost us \$1,500,000 less money than if you do not take it; for whatever you receive from the sale of the Fitchburg Railroad property, will offset, so far, what you pay for the Lowell Railroad. You can figure it up as any merchant would, and you will come to the same result.

Next, we take the Vermont and Massachusetts Railroad. That line, as the governor tells you in his message, wants straightening; it wants its grades altered. It will probably cost you a million of money to put that road in proper shape. That line of road was built by the early parties, who went into it as an extension of the Fitchburg line to the Hoosac Tunnel, with the view of carrying it to Troy. The evidence is conclusive before this Committee that it was an integral part of the through route. That was the original design, and those stockholders are entitled to receive a fair compensation for that property in taking it as this bill provides.

Next comes the tunnel line, the Troy and Greenfield Railroad, about fifty miles of which the State owns. The State have got one-third part of the line from Troy to the State line of Massachusetts to-day, and that one-third part has been shown here before this Committee, to be about fifty miles in length, and in that line is embraced the Hoosac Tunnel. There has been a great deal said here with regard to the tunnel, and it is rated at four miles in length. I put this case just exactly as it is, to this Committee and to the legislature, when I say that the tunnel is fifty miles long, not four; and for that fifty miles of railroad the State has paid not ten millions, not fifteen millions, not twenty millions, nor forty millions. We may as well deal with the facts just as they are; we shall always get along better. I was perfectly astounded that men should come here and say that this thing has cost twenty millions of dollars. I knew that when I went over the figures four years ago, I fixed upon seven millions as the proper and fair price at which the State should put in this fifty miles of railroad, and I do not believe I was mistaken. I took the auditor's report yesterday, and I found on pages 15 and 16 of that report for the year 1872, the cost of the Hoosac Tunnel up to January, 1873, was \$9,301,342.84. The balance due under the Shanly contract, when the tunnel is done and the tracks are laid in it as that contract calls for, will be \$2,328,-144.07. That makes the aggregate cost of the tunnel when completed, including interest account, \$11,629,386.91. I found also, that belonging to the credit of that account, we have reserved from property sold and from money received out of the bonds which the State have issued for the payment of this work, \$1,232,549.82; which sinking fund is adequate to-day, allowing it to accumulate

until the bonds become due, to pay the principal of that debt. Therefore, whatever that fund is to-day belongs on the credit side of the Hoosac Tunnel account. Then we have cash on hand, the first of January, realized from the sale of those bonds which are included in that amount of nine millions, \$1,219,950.24 ; making, with the sinking fund, \$2,452,500.06. This makes the cost of the tunnel, including interest up to the time of its completion, \$9,176-886.85 ; of which amount over \$2,500,000 is interest account, when the tunnel is done. Hence, the State, in talking about what they have got to put into this tunnel line with those other lines of road, should say to them, " We will put in fifty miles of road at cost, without interest, if you will put your roads in without interest ; but if you put your roads in with interest, then we will put in our tunnel with interest."

Then the account will stand as I have given it to you, and my authority is the auditor's report. That answers the thousand-and-one questions about taxing the people of Massachusetts to pay \$20,000,000 for the tunnel. There will be no tax.

Then, outside of the State there are some other roads that we want in order to complete this line. First, the Troy and Boston road. This Trust Company bill provides for the payment to the Troy and Boston Railroad Company of a fair, equitable and just price, which is the par value of their stock. And the evidence before you, by the vice-president of that road, Mr. Robinson, is reliable. I had occasion, in 1869 and 1870, to go over those accounts and verify them. The reasons why those dividends were made was because they had taken their earnings and put them into the road, and the net amount which a railroad stockholder is entitled to receive, is the amount of earnings over and above the expenses and wear and tear account at the end of each year ; and if they take that money to pay interest on bonds, that is a dividend just as much as if there were no bonds, or the bonds were converted into stock.

We want the Troy and Boston road ; and we want it because it behooves the people of this city to keep on the very best terms with Troy. We want their trade. We want those men. They are New England men. It is not a Dutch city. I say we want Troy, and they want Boston ; because they want our seaport, and our seaport wants to carry imported goods there. We want that road because, further, Troy is an outlet of the Erie Canal, and the Champlain Canal, and a network of water communications. This makes it desirable, in a commercial point of view, that Boston should command Troy.

Then we have, outside the State, a projected line of railroad con-

templated in this bill. The gentlemen who live in the State of New York are not going to build a railroad for our benefit alone. They have not so much money that they can afford to build an independent line of railroad to be run into Troy to Commodore Vanderbilt's railroad, when he holds the mouth of it; but when you can convince those gentlemen, that you mean to give that whole line of country an outlet to the seaboard by an independent route, they will then want to build that road or help you build it, and it becomes those who have got money to invest, to help them build the line. This bill makes provision for it. We want that line to Lake Ontario, and that is the only one we want outside the State.

Now, gentlemen, with these connections and these lines built, what have we got? Look at it for one moment. Let that bill become a law and you leave Boston with adequate means to lay a double track from Fitchburg to the Hoosac Tunnel. It gives you the means of extending a double track to Johnsonville, west of the tunnel,—the point of departure looking to Lake Ontario. It then appropriates nine millions of dollars to aid in the building of that line west to the lake, and it provides for these leases. When you have acquired that, what have you got? You have got a line from Boston to Troy; you have got the Erie Canal with a branch of about ten miles to Schenectady, diverging from your main line which forms your line from Ballston Springs. It enables you to avoid those twenty-one locks which line the canal between Schenectady and Albany, and you get above the most expensive and dearest part of canal transportation, and by a short spur you put this main line into connection with it. Then you get to Ogdensburg from Boonville by a lease of the Black River Railroad, if you wish, or a new line built in, which gives you a connection at that point. You then get the Lake Ontario Shore Railroad, which the bill provides for, looking west, with a branch to Buffalo. You then get the Great Western, of Canada, the Michigan Central and its branches, and that gives you everything you want in your main line west, for commerce.

To come back it will give you one other connection which has not been brought up here in the evidence, and I will take a moment's time to consider it. That is, by extending the Housatonic Railroad direct to Williamstown (not North Adams) by pushing the Housatonic Railroad from its junction directly down, as you can very easily, about eighteen miles, you strike the main lines westward, and put this line in connection with Bridgeport. The Boston and Albany Railroad will join in making that connection, because it will form the shortest possible route to the West by the way of Pittsfield; for the business of that portion of Connecticut, and make a

line of railroad from Buffalo, Chicago and Ogdensburg directly into New York city, in a little over twenty miles greater distance than it is by the way of the New York Central Railroad from Buffalo over its own line to New York city. I say that connection will naturally and inevitably fall into this grand combination; it cannot be stopped. And with those connections the commerce of this city will stand on its own merits. You cannot shake it. The steamers will come, the commerce will come, provided you can make it certain that your will is law, from Boston to these points. If you have got to consult boards of directors, if you have got to consult any board of commissioners, if you have got to go and ask your neighbor whether you can do thus and so, you have weakened yourself, thrown away your strength, and your labor will be abortive. But that this idea is one that can be carried out with great advantage, is placed so strongly before you upon the evidence that it does not admit of a doubt.

Then comes the next question: Where is it safe to lodge the power of such a corporation? Will you intrust this power to private corporations? That is a question that you, gentlemen of the Committee, ought seriously to consider. The evidence before you is, that the whole tendency of private corporations is to self-aggrandizement, their own private interests first, the public interests subservient. Will you trust this power to a private corporation that shall wield it for its own purposes? Is it safe to trust it there? Let the experience that we have had now for twenty-five years, and let the evidence which has come before this Committee that combination follows consolidation as a natural, legitimate consequence, and that those combinations are to be in the interest of capital answer. Will you trust this great power to the management of private corporations? I think that if you will listen to your own personal experience it will lead you to say, "No, it is not safe."

Then comes the next question, will you entrust it to commissioners appointed by the State of Massachusetts? Can you safely trust it to a board of five, ten or three commissioners, with full power to go on and do this thing, to pay for it and keep their accounts as the State undertook to build the tunnel? Is that safe? I say there is no safety in it. It is safer than to entrust it to a private corporation, I admit. I would rather trust it to a board of commissioners than to the management of a private corporation. But if you entrust this property, this great power, holding the commerce of this nation and controlling it, to the hands of a board of commissioners, what do you do? The first accident that occurs on the road, the first time any great dispute arises between the patrons of the roads and this board of commissioners, this Green Room

will not be large enough to hold the lobby that will be brought here, and why? The commissioners will not pay the bills; you cannot sue the State; you cannot sue the commissioners; there is no personal responsibility; nothing but the caprice or will of that board of commissioners who will undertake to run a railroad, and that system of management will become more corrupt, or as corrupt as private-corporation management has been. There is the great trouble in this case.

The State must have some man or some body of men to manage that corporation who can sue and be sued as a town or county can be sued. If a bridge breaks down the county is sued; if a town does not keep its roads in repair, and an accident occurs, the town is sued. But the State cannot be sued; and hence if you put this line into the hands of commissioners, then piles upon piles of claims will be thrown into this State House, and the effort to get those claims through the legislature will create a state of corruption that will be as bad, or worse, than that which now manifests itself in the efforts of private corporations seeking to maintain themselves. Therefore, I say it is not safe to trust this power in the hands of commissioners.

Now in regard to any other agencies, I say it is not safe to trust this power to any agency which is liable to be seriously affected by sudden political changes. I would not entrust this power to any hands where, by the revolution of party politics, the great interests of commerce would be affected. Then if it is not safe to trust that power there, where can it be safely placed? It is safe to entrust it to a public corporation,—that kind of a public corporation which is here presented to this Committee.

Our railroads have all been chartered on public grounds. There is not one in existence under special charter, or under the general law, that was not incorporated on public grounds, but the public have been lost sight of in the endeavor to subserve private interests. Now can we not take a new departure, and, instructed by the past, strengthen ourselves for the future, and create a corporation that is public in fact, safe to trust, wise to trust, and that will, in the end, accomplish the great results we all have in view? If so, then this Committee can come to but one conclusion.

Now if we can trust this public corporation with this power, the next question is: How can they get the money? Public money,—that is what I mean. And why public money? The first essential element of cheapness in making these iron highways from the West, is cheap money; the general, common purse; for that will bring out cheaper money than any other money that can be got in the community,—costing a less rate of interest. Now if you examine this question

financially, as it is developed in this bill, you will find this question suggested,—Does the State pay out any money? Not a dollar. Not a dollar from the State is asked for. Is the State going to issue its bonds? Not a bond.

Then what benefit is the public purse? The benefit of the public purse is simply this,—this property, to-day, is owned by private corporations, and those private corporations you propose by this bill to buy at the rates specified in the bill. Now you will get your money to pay for this line of railroad, as this bill provides, by a contract made between every man who shall buy a share of stock in this public corporation—this Trust Company—and the State of Massachusetts; and that contract calls for this: in the year 1900 the State will take and pay to the holders of this stock, \$100 in gold or its equivalent, together with any interest and dividends then unpaid. That is all the State of Massachusetts is asked to do. Now what is that good for? That is better than a state bond, and for this simple reason,—a state bond rests to-day entirely upon the pledged faith of Massachusetts that twenty years from to-day she will pay that bond, and that she will pay the interest in the meantime. If you pass this bill, then the State of Massachusetts when, by its treasurer, it puts its signature to each certificate of stock, makes a contract with the individual holder, and the State of Massachusetts agrees to do what? To hold the stock of the Lowell Railroad, for instance,—not consolidated with this trunk line,—or to hold the original stock of the Fitchburg Railroad, and to hold the original stock of every one of these railroads, just as they are to-day,—and hold that stock as collateral security that the State will do and perform just what it has agreed to do and perform; and it makes the loan perfectly safe.

And what is the result? It gives you your money at six per cent., and you could not command it, to-day, of individual capitalists for less than seven per cent. Is there a man on this Committee who believes that a loan could be secured for the purpose of making these improvements at six per cent. interest? I think there is not one of you who believes it. There is no evidence to show that it could be done. If you cannot get the money at six per cent., can you at seven? You can get the money in the State of New York to build that line, provided you will pay three and one-half per cent. semi-annually, in gold. That will build the road provided it is leased to a strong corporation, which is good security that the interest will be paid if the road does not earn it. Seven per cent. will bring the money, and nothing short of it.

This bill provides that six per cent. shall be paid,—three per cent. semi-annually. This difference of one per cent. on \$54,000,000,

amounts to \$540,000 a year, which is to be given to the State. This sum, invested in the remaining stock at a premium of fifteen per cent., is to be your sinking-fund, and will, by its accumulations, enable the State to become the owner of the whole line in the year 1900. That is what you get. If individuals, however, should furnish the money at seven per cent. to any private corporation, then in twenty-seven years (in the year 1900) those individuals would still own that railroad. If we can put the state credit in, and get all the money we want at six per cent., then the difference of one per cent. paid into the state treasury as a sinking-fund, will redeem the promise made in this bill,—that the State, in 1900, will pay each holder thereof, par and interest for his stock. That is all there is in the financial part of this bill; it is all in a nutshell.

If I am correct in my position, then you will be working all the time towards freedom; and that surplus will make Massachusetts the owner of this whole \$54,000,000 in twenty-seven years. In the other case, with the road in the hands of private owners, paying seven per cent. interest, you have all the time a tax upon transportation, and constant trouble. In the one case, your financiering tends to freedom, and in the other case you have an eternal warfare with these corporations. Hence there can be but one conclusion to which you can arrive on that point, financially.

Then coming to the roads in Massachusetts which this bill proposes to purchase, the evidence before you (Fourteenth Hearing, page 9) is, that the net earnings of the Lowell, the Fitchburg, the Vermont and Massachusetts and the Troy and Boston Railroads in 1872 (adding the state tax, which we get rid of by this bill, and the saving that will be made by consolidation in the operating expenses of the line,—estimated at five per cent.,—but which I claim will be a great deal more) these earnings and savings will pay the interest on the price we take them at, without any combination or consolidation. That is what we get in Massachusetts.

Now the cost of the line outside of Massachusetts, is put at nine millions of dollars. Will you pay it? Yes, you will pay it gladly, for the reasons Mr. Wakefield has given you in able argument this day. I will not go over that ground again. The warehouses on the lakes will furnish their own money. This line of railroad, if built according to the estimates that have been put in, will become remunerative, not only in itself, but largely so to the tunnel line.

Now will the income of the through line pay? Take the tables that I have furnished; take the cost of the lines, and see what they come to, and you will settle that.

Then comes the next question, Why should we get rid of the state tax? This bill proposes to do away with the state tax. It should

be done away with because it is unjust. That section of the constitution of this Commonwealth which has been read to you this morning by Mr. Wakefield, provides that there shall be equality of taxation; but these various railroad corporations are to-day paying the taxes of their stockholders and charging it to transportation account. They shirk their taxes. As Gov. Claflin told you in his testimony, the Bosten and Albany Railroad pay thirteen per cent; \$410,000 went for taxes, and that relieved their stockholders from taxation. Why should they not pay a tax on their stock? Why should laborers, and all the people who travel, be taxed simply to pay the taxes of those who are drawing ten per cent. dividends? It is wrong; it is unjust, and should be done away with.

If this bill becomes a law, the corporation becomes a public corporation in fact, and that of itself is sufficient reason why the tax should be taken off. Bear in mind, that in the purchase of these railroads we do not consolidate them, but keep them alive until the time comes when the legislature shall determine to take possession of them.

Now comes the next question. What do we gain? (1) We secure the largest amount of business, at (2) the smallest possible cost; and (3) we secure reliability of operation.

This bill, substantially in its present form, has been before the public for the last three years, and no one has suggested any material change in its provisions. No one has offered you a better bill. Able lawyers, and merchants of large experience and influence, have testified to its safety, efficiency and necessity.

Can we afford to delay this work? What interests are going to suffer if you let this go over until next year? The testimony is, that Massachusetts has 700 acres of flats in South Boston, lying waiting for the commerce of this city to occupy them. These flats alone, provided you will complete this work according to this Trust bill, will be enhanced in value more than fifty cents a foot,—a valuation that does not exist to-day, because we have not the commerce to call them into requisition. The revival of foreign commerce will beget a local commerce, from the whole water-front from New Orleans to our city. Every vessel from North Carolina, or from along the coast of Virginia, or down on the coast of South Carolina, will find its way to Boston. Every man who has a hogshead of tobacco, or a bale of cotton, that he wants to send North, will send it to Boston instead of New York. Domestic commerce follows foreign commerce,—the one begets the other.

In addition to the increased value of the flats, the productiveness of the wharf property in Boston and vicinity will be doubled. And not only will our own flats and our own wharves be increased in

value, and our own merchants largely benefited, but every cross-railroad that now runs from Fitchburg down this way to the Cape, will connect with this great line of railroad running through to the West, and will receive thirty-three and one-third per cent. addition to its value. The Eastern and the Boston and Maine Railroads, and all those cross-roads are to be affected by this immediate building-up of this line through to the lakes.

Then comes the next question: Where will you get your money? You have got the stock. Who will furnish the money? One of the leading bankers of the city remarked a few days ago: "I would like the privilege, and would give something for it, of furnishing all the money that is wanted. You have got something now that will tempt all the money-bags of Germany. I can bring the gold from Germany to pay the whole fifty-four millions, if the State will sell the whole of the stock." You have got a State bond guaranteed; next you have got the collateral securities. You have got something better than a Massachusetts five per cent. bond, worth par in London to-day. If you prefer home-money go to the savings banks, which have thirty millions of United States bonds. They will be glad to furnish it. This bill provides that "savings banks, banking institutions, insurance companies and persons holding funds in trust are hereby authorized to invest said funds in the stock of this company, at rates not exceeding fifteen per cent. premium." Where are they to get that premium? There is not a bank on State Street whose directors do not know that they can go out and get fourteen or fifteen per cent. premium for their government paper. The law will not allow them to sell those bonds, and take mortgages in that burnt district; they could not do it without coming up to the State House and getting a new law, because their loans on mortgages are now fully up to the limit prescribed by law. But they can hold United States bonds, and all the bonds that the State can make, and all the bonds that the city will issue; but they cannot get them; the courts will not permit the city of Boston to issue the bonds authorized by the late extra session of the legislature.

Now you have it in your power to do for our merchants and for our people, in this day of their adversity, what the extra session failed to do. You can unlock these savings banks, take out those United States bonds, turn them into money, and substitute in the place of them the stock of this Trust Company. They would be very glad to get this exchange at par, share for share, dollar for dollar. Then with this money pay off the stockholders of the Fitchburg, the Lowell, the Vermont and Massachusetts and the other railroads. Pay them all off. That will throw fifteen millions of money into State Street in thirty days. That money will come from

the sub-treasury, where the United States bonds will be locked up, or from the syndicate that will turn them into Europe, and you will turn them into money. When you do that, Mr. Wakefield will sell his thousand shares of Fitchburg Railroad stock for \$170,000, and go down to State Street and pay what he has borrowed on that stock. Mr. Peter B. Brigham will get his money, and all the other stockholders of these roads will get their money; and where can they put it where it will be safer than in mortgages on estates in the burnt district?

There are a good many men who make money by getting high rates of interest who do not want this bill. They say, "We don't want money to be cheap. We are glad the courts have prevented the city of Boston from issuing their fire-bonds." These alligators, —fifteen feet long,—with their mouths open, are ready to swallow everything in the city or in the State. You ought to do everything in your power to reduce the rate of interest, and give the merchants in the burnt district a chance to rebuild, and give a new and healthy stimulus to this community.

I remember well what took place when the Western Railroad got its first loan from the State in 1836, which determined that that work was to be carried forward. Money was tight in State Street—tighter than it is to-day. The banks were paying specie. They turned that loan and sold it, and threw a great amount of specie into State Street. The Chicopee Bank and the Springfield Bank took that money, and we contractors had it and scattered it, and it gave new life to the merchants of Springfield and all along the line of that road. Mr. Bliss said, "We have got a million of money down there now, but you must spend only so much a month." Men came to the State House then and said, "You will increase taxation; you will burden the people for the benefit of this railroad;" men like Mr. Atkinson and that class of croakers who confess they know nothing about railroads, but talk about feeding operatives with "prunes and sugar."

How well it would have been for Massachusetts if, when she made that loan to the Western Railroad, she had required the corporation to give the State the benefit of the difference between five per cent. and the ten per cent. dividends which it has paid on its capital. What would that have done? It would have given the Boston and Albany Railroad as a free road to the State to-day. But, gentlemen, that money was a godsend to the whole of this manufacturing community. Ask those merchants who remember it now, what the effect was in 1838 and 1839,—when money was so dear, and specie was leaving our wharves,—of having the avails of four millions of state bonds thrown on this market, all of which would have been paid

to-day by the sinking-fund. Our experience ought to teach us something. That debt has all been wiped out, and it has all been done without taxation.

Nothing would make the hearts of many men down in that burnt district bound with joy so much as to have Massachusetts put her name on the back of the certificates of stock of this corporation, and saying that the stockholders of these roads are to be paid off in thirty days. All the trustees of savings banks would take these bonds and turn them to good account. To-day, they cannot; to-morrow, they can. So it will be at New Bedford, and all through this State. You will put fifteen or twenty millions of money in here at the most critical time of our history. You will give hope to commerce. *Hope*,—which is everything to a man; everything to a community; everything to a State. You will stimulate; you will give elasticity; you will help, and you will do what you could not do at your extra session. And what else will you do? You will put it in our power, when we meet to celebrate the opening of that tunnel, to ride on a double track through it, as becomes the honor and dignity of this State, and to open our hands to all these competing points at Buffalo, at Chicago, at the Lake, at Ogdensburg, and have one grand celebration, worthy of the honor and dignity of a State such as we live in. But to spend twenty years of toil, to spend time in raising money to pay my proportion of this tax, when I have nothing to pay with, to keep down that interest account, simply to get a bob to the kite of Commodore Vanderbilt, and strengthen a system of railroads on this continent which is now working our injury,—that is degrading to every man who comprehends it. You must so look at it. You cannot look at it in any other light. You must do it, and do it promptly.

By opening this line simultaneously with letting daylight through that mountain, you will make the hearts of the men of Chicago bound. It is daylight to them; it is hope to Illinois; and it gives certainty that the two hundred millions owned by Massachusetts in Western roads will not be repudiated; because Massachusetts has put upon her banner,—“A Public Corporation.” From this day forward that is to be the watchword, and it will go through the land like wildfire. Not State ownership; not State management; but a public-corporation management. That means a better president; that means a president who will swear not to engage in any other business; a one-man power better than we have got to-day; a better treasurer; a better board of directors; a better system in all respects, and one that challenges your investigation and the investigation of this legislature. We carried the Committee in 1870, against their preconceived opinion; they could not resist it. The following

year it came within one vote, in the senate, of taking the Boston and Albany Railroad.

If you will take this matter and look at it as connected with yonder burnt district, as connected with our various railroads and all our interests, and the great work of connecting the West with the seaboard, simply in a financial point of view, you can come to but one conclusion, and that is, that that bill is safe. If it is not, make it safe.

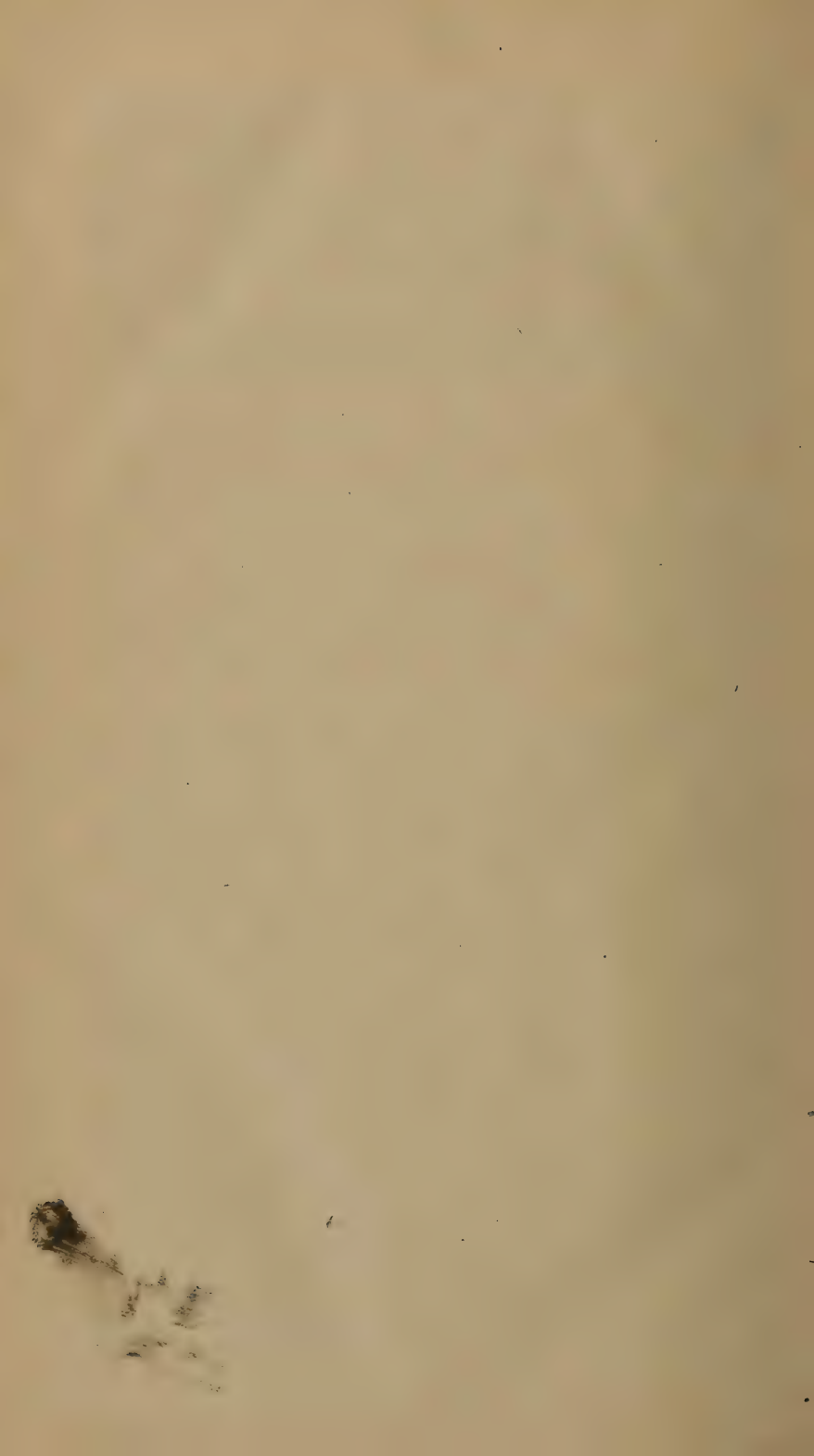
The true method of managing a railroad is by separating the management from the ownership; and then the tolls and fares will be fixed with entire fairness. As your town-ways and county-ways are kept free, so these great iron highways can be, must be and shall be made free highways, from this time forth.

I hold in my hand a document issued in the State of New York, in 1838,—I presume the Chairman and perhaps other gentlemen of the committee have seen it. It was written by Mr. Samuel B. Ruggles, then chairman of the finance committee of the New York legislature, and since lieutenant-governor of that State, and one of the most able statisticians on this continent, in connection with all matters of transportation. Speaking of the canals of that State, he said:—

“No fact in all that history is more striking than the remarkable failure of our distinguished men adequately to estimate the pecuniary value of the canals. The most sanguine anticipations of the most enthusiastic supporters of our policy of internal improvement, fell far short of the actual results which that policy has produced; while the doubts and forebodings of its opponents are remembered only as curious portions of our intellectual history. The State itself seemed wholly unconscious of its latent strength. In the present plenitude of our success, the fact is hardly credible, and yet the documents of the day testify that before commencing the canals, the legislature by a deliberate act, directed commissioners to solicit pecuniary donations in aid of the enterprise, not only from Connecticut and Vermont, but even from the states then in their infancy, beyond the Alleghanies: and so far was this timid and discreditable policy pursued, that the very preamble to the law of 1817, which finally directed the canals to be commenced, took care to express the humble hope, that the states interested in the work ‘would contribute their full proportion of the expense.’”

“The torrent of ridicule and obloquy which the canals encountered during the first few years of their progress, as well as the more solemn doubts of some of our ablest statesmen, will long be remembered. Without adverting to names less distinguished, it needs but to state the memorable fact that Mr. Jefferson pronounced the undertaking utterly visionary and chimerical, and that it was ‘at least a century in advance of the age.’ Nor did the more decided friends of the canals appreciate in any just degree their pecuniary value. In the year 1821, four years after

they had been commenced, the comptroller of the State, in obedience to a resolution of the legislature, prepared an estimate of their respective revenues, in which he stated, that for the ten years next succeeding their completion, the tolls would amount annually to one hundred and fifty thousand dollars! The amount which was actually received during that period of ten years, exceeded ten millions of dollars. Among the names truly illustrious in the early history of our public works, few are more distinguished than that of Gouverneur Morris. His comprehensive intellect and ardent temperament, enabled him to look far beyond most of his contemporaries into the rapidly expanding future; and yet even he fell short of the realities which the Erie Canal has brought within our view."



R E P O R T

OF THE

TWENTY-FIRST HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

MARCH 20, 1873.

BOSTON :

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

ARGUMENT OF HON. E. R. HOAR,

FOR THE

BOSTON AND LOWELL AND FITCHBURG RAILROADS.

Mr. Chairman and Gentlemen:—It is a great many years since I found myself in the presence of a committee of the legislature, and it has been rather an unaccustomed field of service throughout my life; and perhaps you will allow me to say that what has made the most impression upon my own mind during the whole of this hearing has been the intelligence, courtesy, and inexhaustible patience of the Committee; for, certainly, coming up here to present, as well as I can, the considerations in favor of the legislation asked for by my clients, I have found myself, apparently, in the midst of a consideration of things in general. We could almost say that “the field was the world;” and I think you had a globe exhibited to you by one enthusiastic gentleman, and the relations of this question to the welfare of the human race set forth in the half-hour, or hour, or hour and a half, that the indulgence of the Committee has been ready to extend to any gentleman in the community who had views to offer.

How much the Committee will expect us to say on the various plans, projects and enterprises which have been submitted to their consideration as having a more or less remote connection with the plan which I am to advocate, I can hardly determine. We find, prominent among them, the magnificent scheme of Mr. Crane, who invites the Committee, the legislature, and the people of the Commonwealth, to “walk into the prettiest little parlor that ever they did spy.” I do not propose to discuss Mr. Crane’s project. I do not think my duty to my clients requires me to say anything of the scheme or the schemer. I think that if, after the exposures of the last winter in relation to the Marginal Freight Railway, the legislature of Massachusetts proposes to incorporate Mr. Crane to administer a public trust, there is very little use of discussing any propositions before a committee of that body. I am only sorry that

so many respectable gentlemen have been willing to consent to have their names used in such a connection. We do not propose, as I say, to reply at all to Mr. Crane. Whether his scheme amounts to an invitation to the legislature to go on a joint predatory excursion into the property of railroad companies, the Committee perhaps can judge as well as we can. Making no answer to him ourselves, I think I should advise the Committee and the legislature to adopt substantially such a form of an answer as that which good Master Dumbleton, the silk-mercier, sent back to Falstaff when he applied for some satin to make him a short cloak. The boy brought back the message: "He said, sir, you should procure him better assurance than Bardolph. He would not take his bond and yours; he liked not the security."

The discussion, gentlemen, which seems to me most important and appropriate, principally relates to two measures. There is before you the plan for the Commonwealth to assume, as an experiment, in connection with its property in the tunnel and the Troy and Greenfield Railroad, the management of the line through the State, as an example to other managers of railroads, and as a possible source of profit and advantage to the Commonwealth. Upon that, I do not know that, in the interests of my clients, I need to offer any observations; because, Mr. Chairman and gentlemen, trusting the Commonwealth of Massachusetts as we all do, and must do, believing that, if they take any of the property of their citizens, they will give its fair value to its owners, I do not know that the Boston and Lowell and Fitchburg Railroad Companies have any interest in that question, independent of the interests of other persons and corporations throughout the Commonwealth. It is a great public question. Living on the line of one of these roads, being a citizen of the Commonwealth, with the ordinary interest in its welfare of other citizens, if I thought it proper to take up your time, I might give you some crude views of my own on the subject. I perhaps got a little prejudice pretty early in my life on the subject of State management of railroads, and the convictions of maturer years have rather tended to confirm it. A good many years ago, I crossed the Alleghany Mountains from Eastern to Western Pennsylvania, at the time the Pennsylvania road was run by that State. Our train came to a halt at a place where there seemed to be no reason for it, in the early evening; and the submissive passengers, who were very slow to question anything that was done to them, after waiting there for about an hour and a half, began to inquire into the cause of the delay; and at last learned that it was occasioned by the conductor having a call to attend a caucus in the neighborhood; his political duties, on the faithful discharge

of which his retaining his situation somewhat depended, seeming to him to be more imperative, for the time being, than his duty to his passengers. I am a little afraid, Mr. Chairman and gentlemen, that whenever we see the State of Massachusetts running a great line of railroad, we shall find that the persons employed there are to be parcelled out among members of Congress, and that there will be State elections turning upon the relative influence that gentlemen who are acquainted with such ways may be able to bring to bear upon the management of the railroad. I cannot see any reason, if the State should run a great railroad, why it should not also have one or more lines of steamships connected with it, for the improvement of the commerce of Boston in the other direction. I can hardly see why they should not furnish hacks at the various stations of the railroad, do the express business, and in various incidental ways set an example to mankind of the greater beauty of State management, and the greater advantage to the people of having it done on a broad public scale, rather than in the interests of private owners. But I suppose the Committee know all about these matters as much as I do, and they do not seem to me to present the issue which we desire to discuss. I wish, however, distinctly to submit, that if the proposition advocated by Mr. Adams for State management of this line of railroad shall be adopted, it would be for the interest of the State of Massachusetts, as much as for any other party, that the Lowell Railroad and its facilities should be taken as part of the plan.

It is obvious, that the question upon the petition of the Troy and Boston and the Vermont and Massachusetts Railroads, has a very vital relation to the bill presented by the Boston and Lowell Railroad Company, and the Committee have directed us to present our views before the hearing on that petition was closed. I am sorry that the gentleman who represented especially the Fitchburg Railroad upon that question, is called away by the condition of his family, and is unable to represent them in their objection to the petition for consolidation of the Vermont and Massachusetts and the Troy and Boston Railroads with them. I have not a great deal to say upon that subject, because the Fitchburg road does not appear here to oppose consolidation, either with the Vermont and Massachusetts or with the Troy and Boston road, at the proper time and in the proper manner. They are opposed to the passage of the bill presented to the Committee, as they consider it unwise, improvident and oppressive. The whole ostensible object to be accomplished by the bill, they think may be accomplished in a manner entirely wise, safe and reasonable.

I do not wish, Mr. Chairman and gentlemen, to take up your time

with a discussion, to any great extent, of the condition and character of these two railroads, the Vermont and Massachusetts and the Troy and Boston. I shall want to think of them as well as I can; and I have a very great appreciation of the shrewdness of their managers for their own interests, and have no doubt that in a consolidation, some of the same qualities may possibly be made serviceable to the Fitchburg road. They understand some things a great deal better, I have no doubt, than the Fitchburg Railroad Company do. I should think, from reading some of the newspapers, that they appreciated very fully the power of the press, and that we have an opportunity to read in the morning papers sometimes articles which, to any intelligent person who knows about it, represent precisely the public sentiment and the independent opinion that will be represented to-morrow by the counsel who speak before you. I am also aware of another source of public opinion, which my friends on the other side seem to be fully acquainted with. I believe there has been sent to every postmaster in the Commonwealth a printed circular, asking him to act as an agent in that behalf. Whether it was sent by the Vermont and Massachusetts Railroad, or by the Troy and Boston Railroad, or by whom sent, I cannot, of course, say, as it does not state in the communication to the officers who it was. One of the postmasters, who did not care to enter upon the agency, passed his copy over to me, and another one, I think, was received by my clients from a similar source. Let me present them to your notice.

MARCH , 1873.

"A new and first-class railroad route from the Hudson River to Boston Harbor, via Hoosac Tunnel, can soon be available. It should equal, if not surpass, the Boston and Albany road in developing the industries of the State, and as an outlet for Western business. Another year should not be allowed to pass without perfecting the consolidation of the various roads naturally forming this great line.

"Citizens appreciating the importance of this subject, and opposed to such commercial suicide as would be involved in the consolidation of the Northern line with the Hoosac Tunnel line, are invited to sign and to circulate for signatures the accompanying petition to the legislature, and then to cause it to be presented, through their representative, at as early a day as is practicable."

"MARCH , 1873.

"To the Honorable, the Senate and House of Representatives of the Commonwealth of Massachusetts, in General Court assembled:—

"We, the undersigned citizens of , respectfully and earnestly remonstrate against the granting of a certain petition to your honorable body, praying for the consolidation of the Lowell and Fitchburg Railroads; and for the following reasons, to wit:—

"*First.* The said roads are independent lines, each having a distinct local business.

"*Second.* They each form parts of naturally independent and competing trunk lines from the seaboard to the West.

"*Third.* The proposed consolidation would limit instead of enlarging a healthy competition for through business; and

"*Fourth.* Would be adverse to the ancient policy of the State.

"In view of the importance to the industries of the State of the early completion of the tunnel line, we deprecate the loss of time involved in the consideration of the petition of the Lowell and Fitchburg Companies.

"We regard the consolidation of the legitimate tunnel lines into one organization as the most important one now under the consideration of your honorable body, and as demanding the earliest possible decision.

"Should the limited time of the present session be insufficient for the due consideration of this subject, we respectfully pray that a special commission be authorized by your honorable body, to consist of three eminent and competent citizens, to be appoint by the governor and council, whose duty it shall be to report a draft for an act of consolidation of the Hoosac Tunnel and the tunnel lines, including only such existing roads as will naturally form parts of such a through route."

I know that did not come from my friends, the counsel on the other side, because I do not think they would request people to say that they think the Committee should not give us a hearing.

I dare say the legislature may receive some petitions of that kind, the signatures to which were obtained in that manner, and will understand their value.

The first consideration which I would present in behalf of the Fitchburg Railroad, in opposition to the form of the bill which is proposed, is that it involves an element which cannot now be calculated, and that is the Hoosac Tunnel. The bill asks the State to put the tunnel into the consolidated line, and to have the value fixed in relation to the other parts of the line, by commissioners to be appointed by the supreme court, if the parties cannot agree. It is to be done, according to the proposition, within four months from the time of the passage of the bill. Now, there is no Hoosac Tunnel yet. It is a melancholy fact, perhaps; but it is none the less a fact. I do not mean to say, of course, that it is not reasonably certain that within a year, or a year and a half, there will be a Hoosac Tunnel; that there will be an opening through the mountain, an avenue for trade, a place to put a railroad. Nor do I mean to say that the certainty of such an event is not sufficient to warrant and require the legislature and the parties in interest to be making preparations for what may follow upon the completion of the tunnel. But to do what this bill proposes shall be done to the Fitchburg Railroad, in anticipation of the opening of the tunnel, with the very

great uncertainty which, on the best professional and other opinion, is found to exist ; the great diversity of views as to the value of the tunnel ; as to its use ; as to the proportion which it can contribute to the business of the line to have the line successful ; as to its being made a profitable pecuniary investment for the State, or merely a great work contributed by the people of the whole State, through taxation, to the public welfare, without the possibility of adequate return for the investment—with all these questions open—is to do in haste what you may have to repent at leisure. They are questions in regard to which I think even this Committee, with all their experience, and with all the aid that interested parties have been able to afford, with all the evidence that has been laid before them, will find themselves unable to come to satisfactory conclusions ; certainly, to any on which such large interests should be disposed of.

Mr. Shattuck, in behalf of the Massachusetts Central Railroad, objected to the State putting the tunnel into this line as a part of one consolidated corporation, for the reason that the State could not prove before the commissioners what its value would be, and, being bound to prove it, it might be put in by the commissioners at a value very far below its ultimate value to the State, and thus an enormous gift be made to these petitioning parties, at the expense of the people of the rest of the Commonwealth. That is one view, Mr. Chairman ; but the opposite view is to my mind just as strong, and makes the objection just as strong, certainly, to the Fitchburg Railroad. Until experience shall demonstrate the proportionate value to the line of that work, there is nothing in this bill to prevent the commissioners from putting upon this tunnel a fanciful value. That is, I do not mean that good commissioners would not be selected by our supreme court ; I do not mean that they would not honestly endeavor to come to a fair result ; but I mean that they will not have it in their power to determine, absolutely and satisfactorily, and for the future, what that value is, and that it may depend upon the notions of the commissioners ; possibly upon their sanguine temperament ; possibly upon the public opinion of the day, which of the conflicting views that have been presented before you, by competent and experienced persons, they will adopt ; and the adoption of one may be ruinous, if it turns out to be incorrect.

See what you are asking of the Fitchburg Railroad ; a railroad originally chartered from Boston to Fitchburg ; the poorest railroad of its size, probably, in the beginning, that ever started in the Commonwealth. The story that is told so often of Col. Crocker's blowing out one of the candles at a meeting of the directors, because they could not afford to have two if one would answer, is simply one

of the indications of its early history. There was a larger subscription to the stock of the Fitchburg Railroad in the little village in which I live than in the city of Boston. It was built by neighborhood subscriptions. It was built for the purpose of furnishing local accommodation. Some of its original authors and advocates may have looked forward to extensions, to a great Western business, &c., but that was all in the dim and distant future, and the road was not built upon that plan. It was built by little subscriptions procured by Col. Crocker very largely, and by other local friends of the enterprise, through the towns of Middlesex and Worcester Counties connected with its line; and women and old men, and servant-girls who had little savings, were appealed to on the ground that it would be profitable; that it would be carefully, frugally and well-managed, and a good place to put their savings; and I do not suppose many of the railroads of the Commonwealth have to-day so many stockholders who are stockholders of that description. They give a free ride at the time of the annual meeting of the road to the stockholders, who improve it to such an extent, that you would think that three-quarters of all the women in that part of the State came down to do their annual shopping on that train.

A great many poor people, in moderate circumstances in life, are dependent on their stock in that road for the comforts of life as the result of their savings. They do not want gentlemen who live in Troy, and who own a road as an experiment, to come down here and confiscate their property. They want to have some little assurance of income; and when Mr. Richardson, on the stand, was asked whether the result of his plan here proposed would not be to prevent the Fitchburg road from making any dividends, certainly for two or three years, his response was, as I find on the printed notes of the Committee, that "there were some things higher than money." Well, the remark did not excite at all a cordial response in my neighborhood, among the average small people. There are, undoubtedly, some things higher than money, but I rather think it is a matter of money, mainly, that induces these gentlemen to come here and present this scheme, and because they think it will be profitable to the property which they represent.

Now, what are you asked to do? You are asked to consolidate the Boston and Troy, the Hoosac Tunnel, the Troy and Greenfield, and the Vermont and Massachusetts roads with the Fitchburg road, which is to come into the consolidation, at its peril, within four months, which consolidated company is then to go on and furnish all the terminal facilities, all the rebuilding of dilapidated railroads, all the double track, all the equipment, in order to be ready for this anticipated tunnel business. They ask you in this bill to compel

the Fitchburg Railroad to do it,—under the penalty that if they do not, there shall be, or may be, another road built from Fitchburg to Boston by their side, to destroy the value of their property. Well, have the Fitchburg Railroad and its stockholders deserved this of the Commonwealth? Is there any reason, if their managers should believe that this project would be ruinous or injurious to their interests, why they should be exposed to such a penalty? What is the condition of these roads, and of this tunnel, with which they are asked to unite? Anybody can draw a magnificent picture of the future of this tunnel,—that all the commerce of the earth is to concentrate there. You may go to the Pacific coast, and to the China trade, and everything of the kind. We have heard outside indistinct echoes, and the gentlemen of the Committee must have a painful sense in their ears when they remember the Hartford and Erie hearings, and a great many others that have been had in this room, of what glowing and magnificent descriptions can be drawn by gentlemen who come here for legislative grants.

Of the tunnel, the State and the Committee know full as much as I do. The gentlemen who represent the Troy and Boston and the Vermont and Massachusetts Railroads have undoubtedly had as much to do with the tunnel as anybody, and are as deeply concerned in securing its construction and completion. With any profit that the State shall make on it, they are not, as I am aware, quite so deeply interested as the rest of the people of the Commonwealth.

Now, what is the condition of these roads? The Troy and Greenfield road is the property of the State, and the governor, in his message, has told the legislature in what condition that is. It is called a railroad; but according to his description, you would think that it required, in order to make it good for anything, about everything that would be required on a piece of land before any railroad was put there. I take his description for that. Then we have the Troy and Boston Railroad, which Mr. Allen has eulogized, and which, I have no doubt, as far as he stated the facts, answers the description which he gave of it. It has a favorable route as to grades; it is capable of some speed; and it will be, with suitable equipment and double track, a very good part of the continuous line through the tunnel. As to its stock having been watered, and as to whether debt is the same thing as capital, in regard to earnings and dividends, I should feel a little inclined to dissent from some of the views presented, if I thought it worth while to take up time in discussing them.

The other day, my friend (Mr. Allen) stated two propositions. The first was, that it had never watered any of its stock; and on that he furnished us with the familiar arguments by which all com-

panies that water their stock show that it is not really that ; that it is past earnings, or some mistake in keeping the construction account, or something of that kind. You will find the same thing said in every case where it has happened on the face of the earth. And then, following the pattern of the line in the song, "I didn't, love; but if I did?" he proceeds to show that there have been some excellent examples of watering stock by very substantial railroads, and that even these petitioners, the Fitchburg directors, once or twice in a report (although they never did it), mentioned it to their stockholders as something that might, on a small scale, be done advantageously ; and the Lowell Railroad once came so near it as to issue some scrip dividends, payable either in stock or money, and which they now have the money in the treasury to pay in the coming October, and do not, therefore, propose to do it. They have not actually traced anything of the kind to either of the parties which I represent. The State, they say, once took its share of a pretty notable watering ; but my friend forgot to add that the State passed a law prohibiting all such transactions for the future, so that it cannot be done by the railroads in the State of Massachusetts any more. I thought that the whole result of his comparison with the doings of other roads, and of other people, amounted to about the same as if a man should say that his character was a compound of all the frailties of the most eminent saints mentioned in Scripture. Mr. Chairman and gentlemen, does it strike you that there is any difference about this watering of stocks between a dividend-paying company, free from debt, and one that is neither free from debt nor dividend-paying, and that it makes a little difference in the character of the management?

On the subject of earnings, you have had before you the reports of that company, and it was pointed out that there had been no such change in the value of the property as there had been increase of capital and debt. When you came to their earnings, we said their net earnings were about \$30,000. They say they have paid the interest on their debt, and it should all be averaged between their debt and stock. I think the fact of their having to pay interest on the debt first, and that being absolute, makes a great deal of difference in the value of the stock. They have not laid before this Committee what the market value of that stock is. I do not know that anybody sells it. It may be owned by a few gentlemen of wealth in Troy, who are anxious that the Commonwealth of Massachusetts should enable them to realize the reasonable expectations they have entertained. Whether there is any sale for it, whether anybody ever saw it quoted, I do not know. No evidence has been laid before this Committee, that I know of, concerning its value. Their

last report certainly shows that after paying the running expenses, and the interest on the debt, all of which have to be paid before any results of profit to its two millions and a half capital stock ensue, they had \$30,000 left of the earnings of the year. I do not mean to say that there is not a great deal of value in that road; I do not mean to say that it does not represent property; I do not mean to say that it may not be very great wisdom to consolidate that road with the line from Boston to the Hudson River; not at all. I think all these things may be true. But, Mr. Chairman, when you are looking at the power of furnishing credit and additional capital, you have got to look a little at the value of the stock.

Is everything to be done by borrowing money and putting it in? The State has borrowed its money for the tunnel, but the State puts that in liable to its debt, which the State must discharge if it does not get the money out of it; but you have a road in that condition, as to apparent value of stock and earnings, and returns upon its stock, joining with the Vermont and Massachusetts road,—a road against which I have nothing to say, either as respects its management or its value, but which, putting the most favorable construction you can upon it, is a road which has struggled along, its stock once as low in the market as eight dollars a share, and which I suppose its present large owners have bought up at from eight to thirty or forty dollars a share, and have nursed it up until it is now, I am told, worth about eighty-seven dollars a share; and if there comes in a prodigious response to these petitions sent around to the postmasters, I would not wonder if it was up to eighty-nine before this hearing is over; but both roads, one of them without any quoted market value to its stock, and the other with its stock below par, and a large debt, and each road requiring very large expenditures to put it into condition to do the large business of a through line, and the State, with its proper disposition, undoubtedly, to get all that it can as remuneration to the people of the other parts of the State, and make it serviceable as a railroad line for its tunnel, they ask to have that combination come down at once, a year at least before the tunnel is to be completed, upon the Fitchburg Railroad Company, that has paid for all its property; that has omitted dividends until it paid its debts; that has made careful and wise investments of property for its existing business,—a road of absolute credit, of conservative management (they find fault with it that it is not as enterprising as some of those roads that use money much more freely); but a road that has done nothing questionable, that I am aware of, in its public relations to its property. And they ask the stockholders of that road to put their property in, and to invest their strength with this weakness in an experiment to get this

through Western business and make another competing line. Well, the Fitchburg Railroad object ; they think that that is not the right end to begin, Mr. Chairman and gentlemen ; and now I propose to tell you, in behalf of my clients, somewhat briefly, I hope, where they think is the right end to begin.

You have the Lowell and Fitchburg Railroads, each of them with very good and sufficient accommodations for their local business, and all through business, at present ; each of them roads in good credit ; roads which, if you run through to Nashua on the Lowell, are only fourteen miles apart. And you find that, in the expectation and hope of building up a great Western business, the Lowell Railroad has made large investments and large preparations, admirable preparations, for the accommodation of that business. On the other hand, the Fitchburg Railroad is asked to come in to a partnership, a consolidation, with reference to doing this great business, and without, at present, adequate accommodations. Here you have the man with the appetite and the man with the dinner, and why should you not bring them together ? The Lowell Railroad (without going over what was so fully stated by my friend Col. George in opening the case on our part) has its ten acres in Boston, its thirty odd acres in East Cambridge, its thirty acres at the Mystic flats ; it has the South Mystic channel already dredged. The engineer who testified before the Committee the other day, and pointed out that you could not get up there on account of the bar, was unaware that the work was already done ; but it is. They have now wharves ready ; which, on the testimony of the pilots, are the best places in Boston Harbor for vessels to get in and out, at all stages of the tide, where any amount of foreign commerce can be accommodated in loading with grain or provisions ; they propose to put up their elevators ; they have a magnificent passenger-station, which is approaching completion. They have already at Boston exactly what my friends propose that they and the Fitchburg shall proceed to procure, and it is all ready at their hands. But it is said that this was provided for another line, and the argument to which I shall advert presently, about competition between other lines and different lines, is brought to bear in that connection.

Gentlemen, Massachusetts is not a very large State. If you count the whole of the Fitchburg and Lowell roads and their interlacing branches as one road, it does not make a very large divergence of one road. You have in the State of Massachusetts, counting the north-western, the western and the south-western, three diverging and competing lines extending toward the west, in this little—territorially little—Commonwealth of ours. One would say that there might be all the competition that would be needed be-

tween three roads, pressed into so narrow lines as these. When you come to the matter of competition, Mr. Chairman and gentlemen, and think of your Hoosac Tunnel and the twelve millions of dollars that we have all had to pay or bound ourselves to pay, which certainly is a pecuniary interest of a very large magnitude to the people of this Commonwealth, do you think the State of Massachusetts wants to run a very active, new competition, in its own interest? Do you think that it is for the interest of Massachusetts, with this undeveloped tunnel route on its hands, to insist upon it that it shall not take the most economical, direct and simple method of making it valuable and profitable because you propose to keep up, and foster and stimulate a competing line to it up through New Hampshire, and a New Hampshire road comes down here and states to you that competition is desirable, and that, if you don't allow the Lowell road to join in this enterprise it will stimulate them to active competition and so make things come cheaper?

The bill which my clients present is not perfect in its present form. It is not claimed that it is, at all. But whatever it is, as it stands, though attention has been called to the numerous railroads that it allows the consolidated line to buy, or lease or consolidate with in other States, such as it is, it has received the sanction of the Commonwealth. The legislature have passed that bill, and, so far, after full consideration, adopted the principles involved in it. But so far as building up a Northern line is concerned, Mr. Chairman and gentlemen, that bill has been a failure. They have tried that experiment. As the Frenchman said when he was invited to a fox-hunt, "I have been." We have been there, and we have just come from there. We have had Governor Stearns on the stand before you. Why, undoubtedly some gentlemen in the grain trade will come in here and say that that Northern line has made things cheap. I guess it has; and the tunnel route will be cheap if the State will put it in for nothing, and the capital of the Fitchburg Railroad can be expended in trying the same experiment, and with the same result that has attended this experiment of the Lowell Railroad, made in good faith, made with the attempt to carry out the purpose which the Commonwealth had when this Act, to which we propose an amendment, was passed. That line is crumbling to pieces to-day. I am told by the manager of it that they were but yesterday to decide whether they would let the paper of one branch of it go to protest; that they are trustees for the money that is coming to one by another. You see by the newspapers the condition of these Vermont roads in their courts,—a general scramble apparently going on there for the wreck of a mass of property that has been managed in a way which the courts have to investigate, and so I

need not say anything about it. You find the State of New Hampshire disposed to play in New England the part of New Jersey, and that the Lowell Railroad has been unable to get the authority of the State of New Hampshire to consolidate with the Nashua and Lowell Railroad as far as the town of Nashua,—that little road which they substantially own, run under contract, and which is, at present, a substantive part of the Boston and Lowell road. But the legislature of New Hampshire refuses to have this consolidation take place. There was a loss on the lake steamers last year of \$100,000, and on the lease of the Ogdensburg road of \$100,000 more. The National Car Company, that furnishes the cars to run that line, on a contract, has sold 500 of its cars to go to the Grand Trunk line for want of employment for them. The thing is breaking to pieces; and these gentlemen who come down here from New Hampshire and tell you to hold the Boston and Lowell Railroad, and make them continue to contribute of their money to do a cheap business, without any returns, have been trying in every way to get the advantage of the Boston and Lowell Railroad, and some of them of each other. We have had Governor Stearns' testimony here, and I am indebted to Col. George for a hasty abstract which he made of it, which seems to me to give such a true picture of the result that I will venture to read it.

Gov. Stearns' testimony shows:—

“First.—That the Boston and Lowell road, the terminus of the Ogdensburg line, has for years been making strenuous efforts for the consolidation of that line, and has failed in its efforts.

“Second.—That the Concord Railroad, the next connecting, thirty-five miles long, has been bought by speculators, ostensibly to defeat consolidation.

“Third.—That the position of the Northern road, sixty-nine miles long, has been, to say, the least, very equivocal.”

If the Committee remember how long a time was spent in endeavoring to get a direct answer from Gov. Stearns to various questions on that subject, they will, perhaps, have the same admiration for his ingenuity that I have.

“Fourth.—That the Vermont Central portion of the line is under great pecuniary embarrassment, not ordinary calculated to insure either efficiency or development.

“Fifth.—That the annual loss on the lease of the Ogdensburg road is more than \$100,000.

“Sixth.—That the Concord Railroad refuses to bear its proportion of the losses on the Ogdensburg lease and the boats, while it participates in the advantages.

“Seventh.”—That the loss on the boats annually is of a similar amount, \$100,000. And a proposition to sell the boats is now pending and will probably result in that termination.

“And as the conclusion from these facts, Gov. Stearns’ opinion is, that the condition of the line is as satisfactory as it has been, and its future prospects as good as ever!”

Now, Mr. Chairman and gentlemen, the Lowell Railroad, having made an arrangement to transact the business of a great through line, having in good faith attempted it, having the facilities, and being ready to go to any extent to complete them, finds that it is unable, as the result of this New Hampshire hostility, Vermont insolvency, and Northern New York pecuniary burden, to carry it on. It desires to keep it open; to receive on fair terms all that can come over it; to give its assistance to bring all the business on that line to Boston that will come. But it desires also to join with its next neighbor in furnishing facilities which that neighbor needs, in connection with its new allies, for doing the great business which it is hoped will come through the tunnel. And what reason is there why that request should not be granted? Confining ourselves now merely to the question of consolidation,—without reference to local position, to which I will advert presently,—it seems to me, Mr. Chairman, that the great thing that is wanted for this Western trade is a strong, solid root. As for going about, as children do, and sticking down branches in the ground, and saying they have got a grove, hoping that the root will start out somewhere, I do not believe in it. You want to begin with something at the Boston end that is solid; that has credit, capital, resources, ability of management, and ample facilities for doing the commerce of the harbor and the commerce from the country,—a strong corporation, strong enough to bear the load and assume the responsibility, and then to extend, as it may have opportunity, abroad, and bring business to its terminus here. That, it seems to me, is the result of railroad experience, and wherever railroads are successful, that is the thing to be done. Why, Mr. Brooks spoke of his Chicago, Burlington and Quincy road, the little road he started with from Chicago, and which has spread until it runs 1,150 miles of road, and at its western front extends 200 miles in divergence,—more than double the whole width of the State of Massachusetts at its western frontage. There is no more objection, I respectfully submit, to making a solid and substantial corporation at the Boston end, as the foundation of all you do for this line, than there is in making Boston a large city here; and that you might just as well refuse to annex Roxbury and Dorchester, or refuse to make the city of Boston any larger, because you want to have competition between these several

villages, or you think they had better be smaller municipalities, and would so stimulate each other by competition.

We have put before you certain evidence, which has been uncontradicted, and which, therefore, I think may be assumed to be true. On the one hand, we have put before you the estimates of what it will cost to put the through line, by way of the tunnel, in an efficient condition, and the other side have put in no estimates in conflict with them whatever. They have not called experienced engineers to say that these things would not cost what we say they would ; that something like ten millions of dollars must be paid out to accomplish what is needed for that purpose.

We have proved, on the other hand, that the expense of operating would be diminished largely, and the facilities of operating largely increased by the union of these two roads,—the Fitchburg and the Lowell,—as the nucleus of this enterprise ; and some gentlemen—I do not know what their connection with the Boston and Albany road may be, or how far views in that way may affect them—and among them such a competent and eminent railroad authority as Mr. Brooks, say, that they have no doubt it will be for the advantage of these two roads to consolidate. And the proposition which I am here to present to the Committee is, in brief, this,—that we have got to about the end of this petty jealousy in regard to rival lines, and of thinking that it is for the interest of the people of the Commonwealth to have as many competing, quarrelling, intersecting and interfering roads in the Commonwealth as possible, and that that helps the people. I submit to the experience and judgment of every one of you that it is for every man's interest to live on the line of a strong railroad : if he wants accommodation, it is better for him ; and that it is the strongest railroads which are the best able to build up local business and local interests.

On this matter of competition, if you want cheap service for the people of the Commonwealth, you must take care to make cheap service possible ; and the greater ability you give to a road to furnish cheap service, the more likely you are to have it. The railroad commissioners, in their report this year, speak of this subject, and the experience of men in regard to it, in terms to which I would briefly advert. On page 65 they say, in speaking of Great Britain :—

“The over-competition which had been stimulated there led to a rapid consolidation of competing roads. This excited the utmost alarm, and Parliament for many years persistently attempted to check it. The committee now report that ‘this process has not brought with it the evils that were anticipated,’ but that in any event, it is impossible ‘to lay down any general rules determining its limits or its character.’”

On the next page, after speaking of these attempts, they say :—

“Meanwhile, a very rapid consolidation of existing independent lines is taking place, which Parliament no longer endeavors to prevent, partly because the process, so far as it has yet gone, has failed to develop the evils anticipated, and partly because the tendency has shown itself too strong to be resisted.”

On pages 79, 80, and 81 it is said :—

“Nor is this tendency in any way confined to connecting lines, leaving competing lines still independent. On the contrary, while on the continent of Europe little regard has ever been had for the principle of competition among railroads, in Great Britain, where the system was founded upon it, the great railroad questions of the day relate almost wholly to the amalgamation, as it is called, of competing organizations. Public opinion seems there to be convinced that no effective check can be put upon this tendency, and it is, moreover, inclined to suspect that the apprehensions hitherto felt upon that subject have partaken rather of the nature of an unreasoning panic than of a well-considered judgment. The evidence, indeed, published at great length in the blue books, seems to be almost conclusive that positive benefit, rather than injury, has there resulted from amalgamation, so far as it has yet gone. Not only have the evils anticipated not resulted, but it would seem that the public had invariably been better and more economically served by the consolidated than by the independent companies. The larger companies employ able officers, and seem to be managed more on the system of greater departments of commerce, and less on that of lines of stage-coaches. The time and attention of those officers are not mainly absorbed in questions of corporate hostility, and the money of the companies is wasted in a somewhat less degree in warfare with each other. There is, in fact, far less of friction in the mode of transportation, and far more of system. Finally, as regards the community at large, it is found that large companies can be held to a closer responsibility than small ones. Their prominence enables public opinion to concentrate upon them; they are more closely watched and held to a stricter account.

“Whether desirable or not, however, the governments of Europe would seem to have concluded that consolidation is a necessary phase in railroad development, through which the system must pass. In what it is to result is not clear. It may result in the assumption of railroads by the government; or in the existence of vast regulated and supervised monopolies, over which governments will exercise a close supervision. A tendency in each of these directions now exists among the systems which have been described.”

On page 81, speaking of competition :—

“Not the competition which alone is known between two or more organizations which may at any time combine, and are certain ultimately to do so, but the competition of two forms of ownership.”

This brings me, Mr. Chairman and gentlemen, to a suggestion which I make with great respect to the Committee and to the legislature, but I make it because I believe it to be a fact : that this union of the Fitchburg and the Boston and Lowell Railroad is going to take place ; that the reasons for it, and the inducements to it, and the public interests involved in it, are such as to make it so apparent to the managers of the two roads, and are so conclusive in their necessary results, that it is but a question of time ; and that I believe the legislature and the Committee should see carefully whether it is not so, and whether it is not the part of wisdom that you should begin at the beginning and lay your foundation broad and deep in this enterprise. I do not put our case,—my friends have misunderstood me if they suppose I intended to do so,—on the idea that the consolidation asked by the Vermont and Massachusetts and the Troy and Greenfield could not obtain suitable facilities in Boston if they did not unite with us. No such thing. True, I think that some plans which they have shown the Committee, or which have been spoken of by various persons here, are very illusory. Take Mr. Quincy's scheme,—his beautiful picture which he gave you, extending out the principal wharves of Boston, and having this Union Freight Railway that runs around by their heads put all the grain and provisions that may come from the West on board vessels at these wharves. Take the suggestion,—I don't remember who called the witness,—but take the suggestion of the gentleman who has charge of Constitution Wharf, who was called as a witness to say that vessels could load and be discharged there. Why, gentlemen, when the business of a road gets up to the extent of employing five thousand freight cars, you have been told that they would extend thirty miles in length. Do you suppose that the freight business is going to be done in the streets of Boston, with a right angle to turn at every place where a car is to run down upon a wharf? We have had some snow,—you may have noticed it, gentlemen, if you have not been too much confined in this room,—in the course of the winter. I think this is the thirteenth week of sleighing we have had in the country. Now, a loaded freight-car weighs about eighteen tons. With three inches of snow on the ground, do you believe that less than eighteen horses can draw one of those cars? You should have seen some of the New York experiments in moving freight-cars in the snow this winter, if you think they can. Our little, light passenger street-cars have to put on four horses to get along slowly with their load! Can you depend on the streets of Boston as a place for doing the business of a great freight company, with steamships to load hastily, rapidly and readily? Then the place that I suppose

these gentlemen of the Committee were taken to see, on a tug-boat, the other day, by Mr. Bates—

Mr. Bates.—I did not go.

Judge Hoar.—Didn't you go? Well, I didn't. But, gentlemen, you can see; it is very obvious upon the map, and upon the testimony, and I call your attention to it. I do not mean to say that there are not some wharves that can be bought and used for freight-ing purposes, to some extent; but you will notice that they are in a confined place, where the railroad runs at right angles with them, and where it has to cross two bridges, at present, with the great public travel of Charlestown and all north of it to be interfered with; that the length is not one admitting of the standing of long trains of freight cars; that they are at right angles to the track; that the distance is extremely limited at the head of the wharves for a track; and that they are so situated that an elevator for one of the wharves cannot be used on the others. If you could get three or four docks there, and get room for three or four vessels to lie, you could not do as you can on this territory which is prepared for the business by the Boston and Lowell Railroad, at the Mystic improvement. I do not mean to say that they would not be of some value. They would be better than nothing; they would help to do the business; but, as I should say of the Fitchburg Railroad, and of the line from Fitchburg to Boston, if the question were whether the Vermont and Massachusetts and Troy and Greenfield were to build another parallel line, undoubtedly you can get the land for a parallel line to Boston, but why should you do it? They have to be bought, and every unnecessary expenditure of money for railroad purposes is sure, ultimately, to be costly to the community which requires it. The Committee should look, in regard to this enterprise, to determine in what method the most complete, convenient and serviceable facilities for this Western business can be furnished at the cheapest rate. And if the Lowell road has them, if its foresight and enterprise have secured them on very reasonable terms, much cheaper than they could now be got, or anything like them, and they are adequate and sufficient, why should not the gentlemen of the Committee say, that by the union of these two roads, they should be appropriated to the public service in this direction? and not that because it is possible for the other roads to pick up, here, there or elsewhere, something which will answer their purpose, they should do it and have the expenditure doubled? That is one of the grave objections of the Fitchburg Railroad to the proposed bill. If they can unite with the Lowell Railroad, they can at once have what otherwise there must be a large expenditure of their credit to procure. They have got to pay interest on the money while the im-

provements are going on; they have got to pay the interest on all their expenditure to rebuild the Vermont and Massachusetts and Troy and Greenfield roads, and lay a second track on the Troy and Boston; all that, with the interest on its cost, is to be paid until the hoped-for business may come, of which they are not sure. It seems to me incomprehensible that the honest friends of this enterprise should propose, on the one hand, to compel this needless expenditure of money to procure things which they might have ready to their hands, upon our plan; and, on the other hand, to insist on keeping up and stimulating the utmost efforts of rival lines to make their property less profitable than it otherwise would be. I cannot believe that my friends on the other side will say to the Committee that they consider this union with us as a thing to be wholly rejected.

But there is another view which we have to present, and I wish the Committee to look at it, for I believe it has not been suggested yet in the whole course of this hearing,—it may have been. The Lowell and Fitchburg Railroads have been somewhat antagonistic in times past. There has been a little of the “aversion” my friend Mr. Allen spoke of. They tried it to their entire satisfaction, and do not propose to try it any longer if they can help it. The legislature have chartered a railroad to run down from Nashua to the Fitchburg Railroad, or to the Framingham and Lowell, practically coming to the Fitchburg road in Concord—within a mile of it,—called the Nashua and Acton. They have chartered a road called the Middlesex Central, running up from the Lowell Railroad to Groton, striking the Fitchburg certainly as far up as that, and which is now built, substantially, to Concord, and can be extended. It has not, therefore, seemed in times past injurious or contrary to public policy, in the view of the legislature, that the Fitchburg road should have a chance to tap the northern business of the Lowell, or that the Lowell should have a chance to tap the business of the Fitchburg. But you have done something wholly beyond all that, and which would make the refusal of our petition, in my judgment, a marvel in railroad management. The State has chartered the Massachusetts Central Railroad, which can have a line from the tunnel, and which has appeared here by counsel, running to the south of the Fitchburg Railroad, crossing it just above Waltham, and going on to the Boston and Lowell road. It is now under contract, to be operated in connection with the Lowell road, and comes in a few miles out and goes round to the south of the Fitchburg; and there lies the Fitchburg between these substantially two branches of the Boston and Lowell. And what they ask is, that as they are all doing the same thing, they may all belong to the same establishment. And the State, in the interests of its people and in the in-

terests of its tunnel property, is asked by my friend Mr. Shattuck, for the Massachusetts Central Railroad, to protect their rights and keep the tunnel so far in its hands that they shall have a fair share of the business of it. His appeal certainly is entitled to be regarded, and it is supposed that it will be for the interest of the State to keep the tunnel and allow it to be done, or else the State must take the alternative of saying: "We will monopolize this tunnel until we can get a profit out of it. We will give it to these two roads that come in here and ask for it, hoping to make enough out of it to enable them to build an independent road. If the Fitchburg will not join, we will either give it to them or will keep it as a monopoly of our own, in order to get back what it has cost us; and accompanying that, we will have the Lowell Railroad on both sides of it, stimulated to all the activity possible to prevent business passing over it." That is, that the interest of the Lowell Railroad to have the Massachusetts Central take all the business that it can from the tunnel down to Boston, and its interest to have everything that can come over its through line, shall both come into rivalry with the tunnel route. But, gentlemen, there is in this bill presented by my friends, a very remarkable third section; and I ask the attention of the Committee, and through them the attention of the legislature and the Commonwealth, to what is proposed here. There is no doubt that the Fitchburg road will not, within four months, come in and throw the property of its stockholders into the scheme proposed on the other side. I take it, nobody connected with the road, or who lives on the line of the road, believes they will do it. There is in the bill a compulsory section, intended to be compulsory on the Fitchburg road, and the precedent for it is found in the Act to consolidate the Western and the Worcester Railroads. Now, gentlemen, there is no likeness in the cases. The case of the Western and the Worcester Railroads was that of two great roads, the stock of each of which was worth 150 in the market; both of them had ample resources, undoubted credit and great strength. It was thought that it would be profitable to the public, because they could be run much more economically and more efficiently and profitably, that they should be united; and the only reason they would not unite was because they could not agree upon the terms of the union, or because some gentlemen connected with the local management thought they should be thrown out. The legislature interfered, and that has been done, and has proved satisfactory in its results. But that a road in debt and not paying dividends, that two roads of the comparative weakness of these two, requiring to be rebuilt and equipped, and all to be done from the sources of the new combination,—that they should come in and say to the strong and solvent proposed partner, "You

shall come in under penalty of confiscation of your property," is an outrage. "Your money or your life!" is what the legislature has never yet said, and I believe never will say, to any unoffending citizen or corporation.

To make the forced consolidation of the Worcester and Western Railroads a precedent, the Commonwealth should first rebuild its Troy and Greenfield road, and equip it suitably from its own resources; the Vermont and Massachusetts Company should rebuild their bridges, make the necessary shortenings of line and straightening of curves, build their double track, and bring the value of their stock up in the market, from their own resources; and the Troy and Boston bring their road into first-class condition of construction and equipment from their own resources. The parties would then stand on equal terms. But to compel the Fitchburg road, which was chartered as a road only from Boston to Fitchburg, and if any extension was contemplated, which expected that the extension should be made by other companies, to assume this terrible load of deficiency and incompleteness, and try this costly experiment under penalty of confiscation of its property, is as unprecedented as it is unjust.

But what do they propose under this third section? They put first the alternative that you may build an entirely independent line to Boston, which would be a waste of money if it were done; merely punishing the Fitchburg, and making a double line to Boston, for no necessary or useful purpose. But they put in the further provision, that instead of building an independent line to Boston, and instead of being obliged to look up entirely new terminal facilities, they may connect, or buy, or lease, or consolidate with any other road into Boston they can find. In the belly of that section is found the absorption of the whole tunnel route into the Boston and Albany Railroad. There is the Boston, Clinton and Fitchburg, Mr. Chairman, coming from Fitchburg to South Framingham—one other mode of the tunnel road to come to Boston—and they have the right to take that and consolidate the whole with the Boston and Albany. I do not suppose that some of the gentlemen concerned meant that, but I think others did. Probably most of the gentlemen concerned meant the other recommendation, and that is, to come down and consolidate with the Middlesex Central, and so with the Boston and Lowell, which is exactly the proposition we advocate, except that we ask to do it directly by joining the Fitchburg Railroad, which is really interwoven and inextricably involved with the present railroads connecting with this tunnel route, and making it one strong, solid foundation for the whole. But you will find both these things in the bill.

You have before the legislature, and I believe before this Com-

mittee, the petition of the Salem board of trade and some large number of the business men of Salem, asking that this consolidation of the Fitchburg and Lowell Railroads may be made, with a view to their interests in the business of the tunnel line. That is, the Stony Brook road, from Groton Junction, or Ayer, to Lowell, makes a direct communication with the Boston and Lowell, through the Salem and Lowell road, and they desire, therefore, that it may be done, so as not to have an interest in the tunnel line adverse to the eastern part of the State, to bring everything to Boston, and oblige them to take it from Boston; but that they may have equal opportunities of enjoying its advantages.

There is still another road connected with the tunnel,—the Boston, Barre, and Gardner,—which connects directly with the city of Worcester.

The subject, Mr. Chairman and gentlemen, is pretty nearly inexhaustible, and my time is approaching its close, so I shall be obliged to omit several suggestions which I would have been glad to make.

They talk about getting the navy-yard. Well, I wonder if the preparation, which cannot be deferred, for this tunnel business, is to await the possible action of Congress and the removal of the enormous amount of property invested there,—its dry dock, which cost \$3,000,000,—and whether the commerce of Boston has made up its mind that it proposes to dispense with the protection of the navy-yard?

I come now to the other branch of our case, which alone, as it seems to me, is sufficient to justify it; and that is, that there is presented by our project an opportunity to remedy that unhappy snarl and complication of railroad tracks that is found in Charlestown and Somerville. While for twenty years the people, the railroads and the legislature have been trying to find a way in which that could be accomplished, our plan for the first time furnishes the legislature a cheap solution of it. My friend who is to follow me (Judge Thomas), the other day, when this was first talked of, with something of a sneer in his tone, as I thought,—I do not know that he intended it,—said that if that could be done so cheaply, the legislature knew how to cause it to be done. The legislature have considered, time and time again, compulsory methods of settling this difficulty, and have never been able to find one which they thought they could adopt; and a committee has even recommended an expenditure of five or six millions of dollars to secure it, in view of its importance. I need not advert to the passages which have already been called to your attention in the reports of the various commissioners, in regard to the matter of doing away with these crossings. Now, Mr. Chairman, we have the Fitchburg and the

Lowell roads agreed on a mode, and we have the Boston and Maine and Eastern Railroads agreed, which, I believe, never agreed on anything before—I may be mistaken; I do not wish to overstate—we have them consenting to the proposition, involving as it does a large amount of property. I promised to say to the Committee that we are unable this morning to submit a section which we have left to the Boston and Maine and the Eastern to prepare; because, to draw the exact lines for the division of the property requires a question to be solved of a short approach to a part of the land by the Boston and Maine, which will require the sanction of the harbor commissioners, with whom negotiations have been going on, and which the harbor commissioners sanctioned, on certain conditions, which they are ready to adopt. They hope that by Saturday morning they can hand in such a section. But as this is merely a matter of detail, on which I suppose the Committee will feel no concern or interest, I may say, in general terms, that the four railroads have agreed.

Now, the proposition which was coupled with the remark made by my friend was, that the legislature could compel this to be done,—require it of the railroads, as a measure of public safety, without uniting the roads. But there are very grave objections to putting two competing and rival lines into the same station,—into the station of the Boston and Lowell Railroad. And do they wish it? Seriously, would they wish to have the whole outlet of this tunnel business, not only with a competing line, very strongly built up, so far as the stimulus the State could afford to it would build it up,—perhaps not very strong,—but to have the Northern competing line, urged and stimulated by State action to great activity as a competitor, and bringing all their passenger travel right into the station, and putting it directly into the claws of the lion? the lamb lying down inside the lion, when they lie down together!

I cannot believe they would think, on reflection, that that was wise. It would not be agreed to. It would be compulsory, and it would have, to that extent, the same elements of trouble and difficulty that their proposition of compelling the reluctant Fitchburg Railroad to come into their consolidation without the Lowell, would have, for the Fitchburg and Lowell know they never could run their trains from the same station satisfactorily to the people of their respective localities, when they were hostile and competing lines; and the control of the station, or the station itself, could not be divided.

The railroads you are asked to consolidate are not so very long, compared with consolidations in general. There are twenty-six miles of the Lowell Railroad. Why, there is a plan before the legislature, as I understand, under active discussion, or before a

committee, to extend the city of Boston half-way to Lowell. It will be a question whether two lines coming into the same city, shall come into the same part of it; that is about all it would amount to, in that view. We think that the legislature should unite these two corporations for this single reason: that thereby, satisfactorily to themselves and to a large portion of the community whom they represent, this dangerous crossing of passenger trains would be obviated, and adequate public accommodation afforded.

The Lowell Railroad has a passenger ground adequate to the accommodation of all the business that the best friends of the tunnel line hope for from it. It has freight grounds prepared adequate for anything that is expected or hoped of foreign commerce that may come to it. It is willing to put all this into this union, and no longer be dependent wholly for its business upon New Hampshire jealousy and Vermont insolvency; and we ask the Committee and the legislature that it may be done. It is a local benefit, and we think it is a public benefit.

I come, in conclusion, to a simple statement of what seems to me the principle of consolidation, and what makes consolidation at all beneficial. I do not suppose that when my friends talk of a consolidated line they are thinking of a mathematical line, which, according to its definition, has length, but neither breadth nor thickness; has merely direction without substance. We want to furnish substance to it, to make it strong. We want to have a good root on which the plant is to grow. The principle of consolidation is, that by putting lines which can operate harmoniously together under one management and in one interest, you consult economy, efficiency, the public service and the public welfare; and I ask the Committee if the proposition we make in regard to the union of the Boston and Lowell and Fitchburg roads does not fulfil all these conditions? Whether, avoiding this entangling arrangement just out of the city, it is not for the public safety; if, furnishing adequate accommodations, which otherwise must be expensively sought and furnished, it does not promote cheapness of service and economy? If, as the testimony of all the witnesses is, it would be for the advantage of the two corporations and their stockholders that they should be united under one management, and the roads could be more economically and profitably managed, what is there against it, except this petty jealousy about competition? How much are we going to subdivide that principle of competition? Massachusetts will have three competing lines if the Hartford and Erie ever fulfils the predictions of its friends when it applied to the legislature for help. At any rate, it goes in a south-western direction. Here is the

northern line, running in a north-western direction. With this union you get all the various interlacing routes connecting with it, turning in a north-western direction, and can avail yourselves of the most profitable, whichever may turn out to be so, and have a strong corporation interested to develop and assist it. I hope the Committee have not forgotten the carefully-prepared paper in regard to distances, which Mr. Barrett submitted to them, and which they will find most instructive, when they consider whether the tunnel route is to aim at one point or another for its ultimate connection, and for its most profitable operation.

Believing that we present the root of the matter for the whole of this great public enterprise, we say we have no hostility to any of these proposed connections. As a citizen (if my clients will allow me to interpolate so much), I should advise the legislature that the State should not part with the control of the tunnel until its value has been ascertained by experiment; that they should provide that some management should be had for it by which it should be made useful, either by leasing it under certain regulations to the consolidated line, temporarily, but reserving the power to change, as justice and the public interest may require, or in some other mode. If it shall be found that it is impossible to make it a part of a line which shall be remunerative, charging what it has cost to the State, then the State, I have no doubt, had better sink that proportion and make it serviceable at such rates as will allow business to be done over it. Whether the State can run it itself, or can best lease it to a consolidated line, making a provision for any other line which has occasion to go through it to have fair terms, is a matter of detail for the Committee and the legislature to consider, and on which I do not propose to offer any observations. But we do now offer as a section to our bill, what I will submit to the Committee in these words, that our friends of the Vermont and Massachusetts may see that we do not have any hostility to union with them if we can have something that is not going to ruin us, before we can tell what is to be the result of the experiment:—

“In case the Boston and Lowell and Fitchburg Railroad corporations unite, and become consolidated under the provisions of this enactment, said consolidated corporations shall unite and become consolidated with the Vermont and Massachusetts Railroad Company upon such terms as the parties may agree, or failing to agree, upon such terms as may be determined by a board of three commissioners, to be appointed by the supreme judicial court, upon the application of either of said parties.”

We are entirely willing to have consolidation compulsory upon the putting in of these two roads as a foundation. And I will say further, that the only reason we do not now propose a similar section in regard to the Troy and Boston Railroad,—because we are willing to consolidate with them all,—is that the Committee and the legislature have not yet determined what they will do as to retaining this tunnel. Whether the time for that has arrived, until the arrangement by which the tunnel is to be operated is determined upon, is a question on which we entertain grave doubts. The Committee will see that if they grant the tunnel to the consolidated line on such terms that they could take it and operate it profitably, we should immediately desire, and will undertake, to introduce a section in regard to the Troy and Boston Railroad of precisely the same character. We think it would probably be wise to run it as a consolidated line beyond the tunnel to the Hudson River. We should have no objection to having in the consolidated line the power to lease or purchase all the roads that the State of New York would agree to, extending to the lakes or to the most convenient point of connection with the West. The whole policy of consolidation represented by our friends meets our approval, provided we can have a solid basis of property; provided we can have what we need for it, without large expenditures, which the Fitchburg road is unwilling to attempt; and provided we can have it under such sanction that we shall not have our consolidation cut in two by some different ownership. Whether this will make a consolidation extending to the State line of Massachusetts, or going to the Hudson River, is, therefore, the only point which we desire to leave open.

There are only two observations further which I wish to make to the Committee. One of these relates to the twenty per cent. contract which has been alluded to. I will not go back to the early history of the expectations of my friends of the Troy and Boston Railroad, because I lived on the line when Colonel Crocker started the Fitchburg road, and will only say, that if all that anybody understood him to promise is to be fulfilled by legislation, we shall have a string of stations the whole line of the Fitchburg road not more than twenty rods apart. Colonel Crocker never had occasion to make a railroad bargain with anybody without being strongly impressed with the advantages that were to flow to the other party from concluding it with him, and he left impressions on other minds, sometimes, that were very strong.

Judge Thomas.—Colonel Crocker is present.

Judge Hoar.—I am very glad of it. I would not say anything in his absence that I would not say to him. He knows very well what I think of his ability and skill as a railroad manager. I did not know

that he was here when I stated what the road owed, in its early stages, to his persistency, skill and force; and I think it very well just to say, that, substantially, he has been the father of the whole tunnel route. He has persuaded the legislature of some things in the course of legislation on the subject, that I never should have thought of undertaking to do, and there are few men living who could; and the people on the line, undoubtedly, he has persuaded to an enormous extent. I cannot go into that; but this twenty per cent. contract is a tangible thing, to be considered by the Committee; and I want them just to consider it in the view which I offer. It provides that, if the State will go forward and complete the tunnel and the Troy and Greenfield Railroad, on the opening of the tunnel, the Vermont and Massachusetts, the Fitchburg and the Troy and Boston Railroads will pay to the State for its use twenty per cent. of the gross earnings of all business that comes through it from either side. Now, the best estimate the Fitchburg Railroad make with regard to any profits is that seventy-six per cent. of the gross profits are consumed before you come to any net profits,—almost up to the eighty per cent.,—which would be what all the other roads in the line are to retain. I only wish to say to the Committee, that I believe that that contract is the sheerest delusion, for this reason: that if the State held it and insisted upon it, the only result would be that no business would ever go through the tunnel. The railroads would make their charges, and must make their charges, so that they could make some profit themselves for doing the business; and as there is nothing to restrain their charges for the business, and the contract is only that they are to pay twenty per cent. of the gross receipts, they would have, in self-defence, to make their charges so high that they would not do the business. At any rate, I should recommend the State, most strongly, if they adhere to that contract, not to set up any more competing lines than they could possibly help, if we are ever to get back a dollar that we have paid for the tunnel, or a dollar of interest upon it. It is obvious, I think, to any man who will look at that contract, that it will have to be abandoned and a new one made; that it is one impossible of execution by any of the parties concerned.

The other suggestion is with regard to the contract made by the Boston and Lowell with the New Hampshire roads, one clause of which, as it was read, was, that each of the roads contracted to use their efforts to send all the business possible over that line. I suppose that that contract is substantially at an end, by the impossibility of maintaining that line. The line is going to irredeemable wreck. That is one thing. But, in the next place, construed as a contract imposing a duty upon the Boston and Lowell Railroad, it

is a violation of their duty to the people of this Commonwealth and to the legislature, incompetent for them to make, and which they ought not to have made. But I do not suppose it was intended in any such sense. Certainly, it could have nothing to do with the proposition, that if the legislature of Massachusetts chose to incorporate it with another line (any more than if they chose to add another branch to it in this State), that contract compelled them to favor that line to the exclusion of the line with which their own branch connection exists. I think the Committee, or the legislature of Massachusetts, will never sanction an agreement by a railroad, not consolidated or not authorized by the legislature to make specific agreements with a particular line, by which they shall favor one line with which they are connected, to the exclusion of another. It is contrary to the interests of all the people who are connected with our railroads.

I saw in a newspaper the other day that there were but three elements in this question—the West, the tunnel, and the harbor of Boston. I beg leave to dissent *in toto* from that proposition. There are the interests of the whole people of this Commonwealth; their convenience in regard to the use of their railroads. I believe you may make this line as profitable and as strong, if you please, as you have made the Boston and Albany, and then the real profit of the road will ultimately come out of the local business. Having the great through business, connecting, as that road does, with New York and the West, gives it strength, power and facility, which makes it desirable as a neighbor to all the towns on its line. But that one railroad, and especially one which has its great outlet built at the expense of all the people of the State, shall make a bargain by which roads running through other parts of the State are to be deprived of the fair proportion of that benefit, is something so unjust that I do not believe the Committee will be prepared to recommend it, and I think they may be very sure that the State will not carry out their recommendation, if they make it.

I am much indebted to the Committee for their patience and attention.

REPORT

OF THE

TWENTY-SECOND HEARING

ON THE

HOOSAC TUNNEL CONSOLIDATION,

BEFORE THE

COMMITTEE ON RAILWAYS.

MARCH 21, 1873.

BOSTON:

WRIGHT & POTTER, STATE PRINTERS,

No. 19 PROVINCE STREET.

1873.

ARGUMENT OF HON. B. F. THOMAS

FOR THE

VERMONT AND MASSACHUSETTS RAILROAD.

Mr. Chairman and Gentlemen:—There were many things in the very able and ingenious argument of the counsel who closed this case for the Boston and Lowell Railroad, in which I concur, and one thing especially,—in a grateful sense of the courtesy and kindness and long-suffering patience of the Committee. I wish I felt that, in return for that kindness, I could render you more substantial aid in the discharge of the difficult and complicated duty which you have to perform. It seemed to be well that everybody should be heard: the matter has been very thoroughly sifted. Looking to the composition, I may say, of the Committee, and to the thoroughness and minuteness of the examination, there can be no reasonable hope that the matter will ever be better understood than now; and I know that this Committee, having so thoroughly investigated the subject, would not be willing to defer it; that it would not meet their sense of duty to shift the responsibility from this Committee to another, or from this legislature to another.

The importance of early action is obvious. The tunnel is a fixed fact; its opening a question of months only. There is, therefore, an imperative necessity for legislation at this session. With the earliest action, the time for preparation will be short. No plan can be suggested that is not open to criticism; but some plan has got to be settled; and about the worst thing, perhaps I may say, *the* worst thing, that this Committee can do is to do nothing. It is, indeed, a very easy thing for those who have no property or special interest in the line to speculate and to wait. It is not so for the Commonwealth, as the owner of the tunnel; it is not so for the other owners of the line; it is not so for the general business interests of the State. To all these parties, *now* is the accepted time.

I do not think I share in the feeling of hostility which seems to manifest itself more or less here to our railroad interests. After all that is said, there have been no investments of capital in this State which have been influenced so largely by a consideration of the public interest; there have been no investments of capital in this State which have contributed so largely to the growth and prosperity, material and social, of the State; there have been no investments which, as a whole, have resulted in so small profits to the owners; or which, considering the relations of the corporations to the public, have been managed, as a general fact, with so much regard to the public interest. The relation which these corporations sustain to the public, and to the Commonwealth, is a very peculiar one. They make millions of contracts every year. There are, perhaps, persons in this room with whom they make six hundred contracts a year,—for every passage is a contract,—and the marvellous thing is, that with this perpetual collision and conflict, there should be so little ground of complaint, and so few of the complaints which are made that are well founded.

Some things in the course of the examination have got to be pretty well settled:—

1. That there will be a reasonable amount of business for the tunnel line,—sufficient to warrant and justify the requisite expenditure upon it.

2. That this business cannot be well done,—cannot be done at all,—by four distinct, independent companies; that there must be consolidation; that the line must be under one head, one directing, one propelling force.

The necessity for consolidation in this case is peculiarly obvious, for unity of counsel and action is necessary, not merely for running the line after it is completed, but for finishing and equipping the line, so as to have reference, in every part of that action, not to the interests of any one corporation, but to the interests of the line as a whole.

I think the question of consolidation is a settled one. The only question is, under whom this consolidation shall be made, by whom it shall be managed and directed. And that resolves itself into another question, which is, substantially, whether it shall be run by one consolidated company, or whether it shall be run by the Commonwealth.

Now I have to observe, Mr. Chairman, that no other plan for the use of the entire line has been suggested but that which we present. The plan for the union of the Boston and Lowell and Fitchburg roads makes no provision for the Troy and Greenfield road, or the tunnel, or for the Troy and Boston road, as part of the line. It is

the play of Hamlet, with the part of the Prince of Denmark omitted by particular request.

No plan has been presented for the taking and operation of the tunnel line by the Commonwealth. We have had an able argument to show that the State ought to go into the business of common carriers and expressmen ; but the chairman of the railroad commissioners has not come down from the abstract into the concrete, from the speculative to the practical, from cloud-land to hard-pan. They have no plan, no bill. We have the plan of Mr. Crane put into a bill, and defended with ability and zeal. Such a scheme, as addressed to the capitalists of Boston, might challenge attention and consideration, but you feel in your bones that the Commonwealth is not to embark in such an enterprise. It is one of the things of which logic or figures will never satisfy you, with which the fancy is pleased, but which the cooler judgment, the sober second thought, rejects.

The petitioners have presented a plan for the consolidation of the whole tunnel line, to provide for the exigency to which the near completion of the tunnel has brought the railroads on the route,—and the Commonwealth as the owner of one of those roads,—to-day. They do not say the plan is perfect in all its details, but that it is sound in principle, and just and prudent. It has at least these five features to commend it.

1. It carries out in a direct, plain and efficient way the policy upon which the tunnel line was begun, has been continued and brought so near to its conclusion.

2. Under it all the interests, rights of property and franchises necessary for a through-line from Boston to Troy can be secured on fair and equitable terms, and made at once available.

3. It makes just and fair and secure provision for all railroads that now have or hereafter may have occasion to use the tunnel.

4. It is the only plan that makes consolidation real and effectual.

5. It is the only plan suggested to secure an efficient through and local line from Boston to the West, which does not involve a radical change in the railroad economy of the State, or in its governmental policy.

1. Turning now to these points in their order, the course of investigation and much of the argument in this hearing, have dealt with the tunnel line as if it were an abstraction, as if it had no local habitation, as if the Commonwealth alone had built it, and was now inquiring, for the first time, how it could use it. Nothing can be less true, nothing can be less just. Not a movement has been made in this enterprise that does not refute this proposition. The history of this line is the history of twenty years' hand-to-hand struggle to

put it through by the people on the line. I will not repeat its history, it has been so well told by Mr. Allen ; but that history clearly shows to whom we are indebted for this tunnel route. It was not the Commonwealth that initiated this enterprise. The people on the line began and, with the aid of the Commonwealth, carried through this work. It was the people who breathed into it the breath of its life. It was they who, through good report and through evil report, with their capital, with their labor, with their time and with their brains put it through. The Fitchburg, the Vermont and Massachusetts, the Troy and Greenfield, and the Troy and Boston Railroads are parts and parcels of one line,—the fractions of a unit. Every dollar that was put into these roads was put into the tunnel line ; and the amount put in by private persons is vastly greater than that put in by the State. Estimating the investment by the Vermont and Massachusetts Railroad in the same way as you estimate the cost of the tunnel, that is, with semi-annual interest, the amount is over \$10,069,000, deducting the dividends received. The amount put into the line by the Boston and Troy Railroad, estimated in the same way, is over \$5,000,000. The amount put into it by the stockholders of the Troy and Greenfield road, before its surrender to the Commonwealth, with interest on the principal (\$700,000) must be at least \$2,000,000 ; and the amount put in by the Fitchburg Railroad, estimated in the same way, deducting dividends, is not less than \$7,000,000. Not less, therefore, than \$22,000,000, for the ten and one-half millions, if that is the amount, put in by the State.

Now, for what were these investments made by the people? For two objects. First, the development of the country and its resources and the resources of industry on the line. Second, but not the paramount object, the opening of a new and independent highway to the West, easier in the end and cheaper than any other route. The claim, therefore, set up here, and upon which the changes have been rung from day to day, that all parts of the Commonwealth have an equal interest in the tunnel line, and that no arrangement shall be made which does not secure to them equal interest, is at war with geography, with justice, and with common sense. To say that the cities and towns on the line of the Boston and Albany Railroad, for example, have the same interest in the tunnel line, and the same right to be consulted as to its disposition and management as the towns on that line itself, is absurd. The policy pursued by the Commonwealth in relation to the three great routes to the West recognizes the essential difference ; it recognizes the locality of these different roads. The almost unbroken village from Boston to Springfield is the practical demonstration of the difference. Nor was it the sole object and purpose of this tunnel road to build up

the city of Boston. The welfare of the people on the line seems to have been lost sight of in this discussion, though to their efforts and sacrifices we owe the line and by their business the line will be mainly supported. No railroad has lived or can live in this Commonwealth upon its through business, or which subordinates its local business to its through business, and no such railroad ought to live. The supply of cheap fuel and cheap food to the mechanical and manufacturing industries of the Commonwealth is of far greater moment than the exportation of grain from Boston to Europe. Both things may be very good, but the latter is not to be secured at the expense of the former. No policy, therefore, as to the organization and use of this line is in itself just or equitable to the people upon the line, or to those who have invested their property in it, which does not recognize this difference, which deprives the people on the line of their interest in its management and control, which subordinates the local to the through traffic, or which puts the line in the power of any other competing corporation. Not a dollar would have been invested in this enterprise with such expectations or such fears. The people on the line of this road want a stream that overflows and fertilizes the banks, and not merely one that empties through high banks into the sea. I utterly deny the policy, the justice, and the right of the legislature to tax the people of the Commonwealth to build railroads, or to buy and use them for the purpose of building up the foreign commerce of Boston, or to make it the great commercial emporium for the export of grain. I do not say it is not a very good thing in itself; it is. But let Boston, which is to reap the lion's share of its benefits, take also the risk. A year's interest upon the investments in Western enterprises would enable the city of Boston to do just what is wanted. The people of Boston do not ask you to do it. They would have too large a sense of justice and fairness to ask it. They can bear, as their recent history has illustrated, their own burdens, and do their own work.

2. This plan readily obtains and makes available all the rights and obligations of the railroads upon the line. Assuming that no plan of consolidation means to stop at the state line, you want the Troy and Boston road. The Troy and Boston has a perpetual lease of the Southern Vermont road; in effect, owns it. The Southern Vermont you must have. It is as indispensable as the tunnel itself. The Troy and Boston Company propose to put their own road and the Southern Vermont lease into the consolidated line at such price as shall be fixed by commissioners to be appointed by our own court. Nothing could be fairer than this.

The attempt to depreciate the value of the property was as un-

wise as it was unsuccessful. You are to take the road at its fair value to-day, or when the appraisement is made. The proposition made in the bill for the property of the Commonwealth in the tunnel is entirely fair, safe and just. It proposes putting the tunnel into the consolidated line at a price to be fixed by the governor and council, the servants of the State, or by three disinterested commissioners appointed by the supreme court. If the terms offered by the other roads are not satisfactory, the governor and council can decline to unite at all. (Bill, sect. 1, lines 25 to 31.) The Commonwealth cannot possibly lose by the operation.

Our plan proposes, in other words, to give every dollar that the tunnel is worth, with the benefit of the contracts, if they are of value, made in aid of it. If the tunnel is put into the road at its fair value, and the other roads at their fair relative value, and these values are represented by the stock, the Commonwealth will get the benefit of the appreciation or growth of its value by the increased value and income of its stock.

It has been said on the one hand by Mr. Shattuck, that if the tunnel is appraised by commissioners before its value has been developed, it may be sacrificed, put into the line for a song. On the other hand, it is said by the learned counsel for the Boston and Lowell road, that it may be put in at so great a price as to cripple the whole line. Well, it is rather a comfortable thing to think that both of these mistakes cannot be made at the same time. It is true that it is difficult to measure the value of the tunnel with great precision, but it is also true that its value can never be developed until it has become part of a consolidated line. As I have said, let the Commonwealth keep it as a toll-bridge, and run it with the Troy and Greenfield as a separate and distinct road; it will not develop its value.

As matter of property, it is part and parcel of the tunnel line, and its value must depend mainly upon the efficiency and success of of the whole line. You will not, it is said, put the tunnel into the line till its value has been ascertained, and its value can never be ascertained till it has been worked with and as part of the line. I impeach no man's motives, but if the aim and purpose of parties were to get the tunnel at their own price, to let it quietly drop into their hands, this is the best possible mode to reach that result. Used a few years in that way the Commonwealth will be very glad to part with it at a very moderate price. Indeed, the unity with and dependence of the tunnel upon the line are so evident, that it has got settled down to this, that the Commonwealth must put the tunnel, in some form, into the consolidated line, or purchase the remainder of the line to use with it. They must be one. This may

not necessarily involve the parting with the title of the tunnel by the State, nor prevent the retaining of a power of supervision for the protection of other roads connected with the tunnel line. I think it is best to part with the title, but our plan does not necessarily involve it. It does involve the direction and police of the tunnel. Nor would the State finally part with tunnel by leaving it in the line. You can put such an amendment into the bill, that the Commonwealth can at any time take the whole line on fair and equitable terms.

But it is not merely the rights of the Committee that are to be cared for. The legislature will equally respect the legal or equitable claims of the other owners of property on the line, and see to it that the men who early invested their property in the enterprise, and who have been waiting for the completion of the tunnel with the hope of getting some fair return from their investment should not be wholly disappointed, and especially that other men should not enter into the fruit of their labors. The price of their stock in the market to-day will not compensate them, will not indemnify past losses. Their fair claim is for the completion of their work, to reap where they had sown, and to reap a matured and not a green or half-ripe harvest. If the consolidation of the line is essential to this end, then these parties have a fair and equitable claim to consolidation.

To say that other roads have the same right to the direction and control of the tunnel is to ignore the whole history of the enterprise and the reciprocal rights and duties which the joint construction of the line has created.

It is no answer, Mr. Chairman, to say that the claims of the petitioners are only equitable or moral claims. I should appeal to the legislature of Massachusetts with the same confidence in the vindication of a moral and equitable claim as a legal and technical one. I say with entire confidence that the Commonwealth, in establishing this line, is fairly bound to deal with the property of the other companies on the line as it deals with its own, including that faithful, sturdy and plucky ally, the Troy and Boston. After her persistent loyalty and faithful services to the line, to forget them and shut her out in the cold would be alike ungrateful and unjust, would not comport with the honor or the good faith of the Commonwealth.

3. The plan of the petitioners makes just and fair and safe provisions for all the railroads that now have or may hereafter have occasion to use the tunnel. Section seventeen of our bill, we submit, effectually guards and secures the rights of other roads. Not only is the consolidated road prohibited from charging greater rates for

passing through the tunnel than in proportion to the extra cost of the tunnel to the consolidated line above ordinary railroad construction, but in case of any disagreement, the governor and counsel have power to fix and revise the rates. But even without this section, the rights of connecting roads would be secure under the General Statutes, chapter 63, section 117 :—

“ Every corporation owning a road in use shall at reasonable times and for a reasonable compensation draw over the same the passengers, merchandise and cars of any other corporation authorized by the legislature to enter with its road upon, or unite the same with, and use, the road of the first-named corporation. If the corporations cannot agree upon the stated periods at which the cars shall be so drawn and the compensation to be paid, the supreme judicial court, upon the petition of either party, and notice to the other, shall appoint three commissioners, who, after due notice to and hearing the parties interested, shall determine such rate of compensation, and fix such periods, having reference to the convenience and interest of the corporations and the public to be accommodated thereby ; and the award of the commissioners, or a major part of them, shall be binding upon the respective corporations interested therein, until the same shall have been revised or altered by commissioners so appointed ; but no such revision or alteration shall be made within one year after the award.”

The statute of 1860, chapter 201, extends these privileges to railroads existing by the laws of other States having occasion to use our lines.

If these provisions of our bill and the statutes are not adequate to secure the rights of other roads entering upon the line, or in any way using the tunnel, let them or any of them say what further safeguards they want consistent with the consolidation of the line, and if they are fair and reasonable, the Committee will supply them.

If the object and purpose of the objections are to prevent anything being done, the Committee will see that such purpose does not succeed. If they want the running of the engines of a legion of corporations on one road, we feel it cannot be done with reasonable safety, and the petitioners can have no part in it. The Commonwealth finally settled its policy on this point by the statute of 1846, chapter 191, which prohibits the use of an engine of one corporation upon the road of another, without its consent.

Mr. Chairman : There is not a reason which applies to the use of the ordinary railroad which does not apply with infinitely greater force to the use of the tunnel. If that is imprudent, this is perilous. When men complain of our plan without the disposition or ability to suggest a better one, we cannot help suspecting that nothing is wanted or nothing would satisfy. That a plan so just and equi-

table to all should be called the giving away of the tunnel would only be additional evidence that language is an instrument for the concealment of thought.

4. The plan we propose is the only plan that makes consolidation real and effectual. There can be no effective consolidation which does not include the use and supervision of the tunnel. Viewed in a business light, the tunnel is nothing more nor less than four and a half miles of this line, which nature and art have made one and inseparable; in no railroad sense distinct from the four and a half miles east of it, or the four and a half miles west of it, except that requiring vastly greater caution, and attended with greater danger in the use, there is the greater necessity of its being under one responsible head, direction and control. The road of which it is a part cost more money, and may, must, charge more for freight and passage, and there the difference ends.

The putting the tunnel under a separate control and direction is fatal to consolidation; it is not consolidation; it is the chain with the most important link left out; it is the severed cable. The testimony of Mr. Joy on this point is that of common sense. "The company that controls the road must control the tunnel."

It may be possible that such direction and control would not invoke the *sale* of the tunnel, that the Commonwealth might find its compensation for the use of the tunnel in a toll for every passenger and every ton of freight, not to exceed a certain amount, and with a supervisory power in the governor and council to see that the rights of other roads are cared for, and that no unjust discrimination is made against them. But the running of the tunnel must be in the consolidated line. Whether the Commonwealth takes the whole line and runs it or the consolidated company runs it, the policy and result must be the same,—one unbroken line. Indeed, it were better for the *petitioners* that the Commonwealth should take and run the whole line, than to leave them without any supervision and control of the tunnel. Better for the petitioners, Mr. Chairman; I do not say better for the Commonwealth. The plan of treating the tunnel as a toll-bridge would be visionary, if it were not antediluvian. It seeks to make an exception for the four and a half miles of covered way on a railroad, because they are extra-hazardous and dangerous.

If such mode of use is feasible and safe, let the opponents of consolidation give us a plan or some notion of a plan. We have had no plan, and no evidence to show that it would be *either* feasible or safe. The Bergen Tunnel was used for two corporations, but they have found it necessary to make another tunnel. The resemblance to the use of the bridge at Albany is very slight. The

bridge is about a thousand feet in length; open to view; visible from one end to the other; it is at the end of the line and not in the centre; it is owned by the corporations using it, and not by a third power. There is all the difference between the use of that bridge and the use of the tunnel that there is between day light and darkness.

The bridge over the Mississippi at Quincy is under the control and direction of one of the corporations,—the Hannibal and St. Joseph. The running of the Metropolitan road in London does not appear to be by distinct companies. The mode of running it by the constant use of the telegraph is that which Gen. Stark explains. (Tenth Hearing, p. 12.)

Gen. Stark's plan is, *first*, union of the Lowell and Fitchburg; that is the foundation. Then take the Vermont and Massachusetts in with them at a fair price, and also the Troy and Boston in the same manner—thus getting both ends of the line in their power—and then treat with the Commonwealth for the use of the tunnel. “Will you walk into *my* parlor, said the spider to the fly.”

Judge Hoar.—That was not the proposition, Judge.

Judge Thomas.—I am quoting the words of Gen. Stark. I am citing his evidence.

Judge Hoar.—The proposition was to postpone it until after we had made our bargain with the State.

Judge Thomas.—I have not heard such a proposition.

Judge Hoar.—I said so, yesterday.

Judge Thomas.—I did not understand you so.

Judge Hoar.—Exactly.

Judge Thomas.—Well, the important point in this matter was, that it was the *purpose*, after all, to get control of the tunnel, and in that matter, Gen. Stark is right, whatever he said as to the way and order of getting it. Mr. Brooks, who suggested that the State could operate the tunnel by a small organization, thought the *best course* was to equip the tunnel, and put it in the care of the tunnel line. “I have not a question,” he says, “it should be in the hands of some one party.” Mr. Allen asks him, “One management?” “Yes, sir.” (Pages 21 and 22, Seventeenth Hearing.)

It is said, You ought not to make any arrangement, or, if you make any arrangement, you ought to make one by which the Commonwealth should run the tunnel as a toll-bridge. And why? Why, because other roads may want to come into it! My brother Shattuck made a rather touching appeal to you, that the Massachusetts Central Railroad was in its infancy, and that the Commonwealth ought to tenderly care for this infant child. He might have made a still more touching one. He might have said that this was

a very delicate foetus,—insensible of motion,—and that the Commonwealth ought not to make any movement for fear it should disturb its very sensitive mother, and produce a miscarriage.

Some objections to our plan, I now proceed to consider.

The first, and the one upon which, perhaps, the most reliance has been placed, is want of adequate strength in the consolidated company. This has been discussed as if the only question of strength was a question of capital. I submit to you, with great respect, that there are two other important elements in the strength of this line.

1. The business to be done, of which it may be reasonably sure, present and prospective.

2. The facility and cheapness with which the work can be done, depending upon the comparative length of the line and gradients.

First, then, as to capital. If the original policy is carried out, and the Fitchburg comes into the consolidated line, there will be abundant capital. And she will come in. She feels to-day a little weakness in her *terminal facilities*, which has got up as far as the knee-pan; but when the legislature says to her, "Come in," she will come in. There would be, without the tunnel, at least fourteen millions of capital, with a debt of about two and a half millions; with the tunnel and the Troy and Greenfield, a property of some twenty millions. If there is business to be done—and this whole discussion is unimportant if there is not; this whole discussion assumes that there is business waiting to be done—there will be no trouble as to capital. Mr. Brooks says, that with business, present and prospective, there never was a railroad that lacked credit. (Page 17, Seventeenth Hearing.) Some witnesses have the organ of hope largely developed, others that of caution. But the whole talk about consolidation, the mode of using the tunnel, and terminal facilities, is mere talk if there is not business to be done.

The position of Mr. George, that you cannot get credit on undeveloped business, which was very much in conflict with that of Mr. Brooks, was aided by the illustration of the Hartford and Erie. I am not going into that discussion; but some people have supposed that the difficulty with the Hartford and Erie was not in the amount of money that went into the till, but the amount of money that has been curiously taken out.

But the construction of the tunnel route has proceeded upon the ground that by passing under the mountain, you would save both in distance, and what was deemed of greater moment, in gradients. Calling the distance saved by the tunnel line over the Boston and Albany, eleven miles, and the cost of doing Western business one cent per ton per mile, you save on the distance, eleven cents per ton.

Second, the saving by gradients is more important.

On the division from Troy to North Adams, the same engine can take thirty tons more in a train than from Albany to Pittsfield.

On the division from Pittsfield to Springfield the ruling grade is five miles of seventy-five and one-half feet per mile. Assuming, as has been stated, that the average load of engines up this grade is eleven cars loaded with grain, making two hundred and twenty-four tons, gross load of freight cars, the same engine from North Adams to Greenfield, where the steepest grade is two miles of forty-one feet per mile, will haul three hundred and seventy tons; making a difference of nearly three-quarters additional service with the same power; that is to say, if it cost one cent a ton per mile to haul as much as the engine could take on the Albany line, it would cost, say six *mills* per ton for what the same engine could haul on the tunnel line.

On the division from Springfield to Worcester, the ruling grade is two miles of sixty feet per mile, with five miles of fifty-one feet; on the corresponding portion of the tunnel line, the ruling grade is four miles of forty-eight feet per mile, with seven miles more of forty-five feet per mile. A thirty-ton engine will take one hundred and ninety gross tons up the sixty-feet grade, and two hundred and twelve tons up the forty-eight-feet grade. The saving here is not so great, say a mill per ton a mile.

We may thus make the saving by difference of gradients, five cents per ton from Troy to North Adams, twenty cents per ton between North Adams and Greenfield, and five cents per ton between Greenfield and Fitchburg; in all, thirty cents. Between Fitchburg and Boston and Worcester and Boston there is no material difference.

Edward S. Philbrick, in his testimony on the Hartford and Erie at the hearing in 1870, gives as the result of careful examination, the relative cost of hauling on the tunnel line, the Boston and Albany and Hartford and Erie, as follows:—

Tunnel line,	. . . . .	\$1 00
Boston and Albany,	. . . . .	1 18
Boston, Hartford and Erie,	. . . . .	1 35

The question was put to Mr. Philbrick,—“A dollar would do as much on the tunnel line, as a dollar and eighteen cents on the Boston and Albany, or a dollar and thirty-five cents on the Hartford and Erie.” *Ans.* “Certainly; that is what I mean.”

There will be strength enough in this line if there is any prudence in finishing and equipping the line. But if, following the suggestions made by the opening counsel for the Boston and Lowell road, you

are, before beginning business upon the consolidated line, to have all the way a double steel-track, equipment of engines and cars, and terminal facilities equal to those which the Boston and Albany has to-day, you will not have money enough, and you ought not to have it. No prudent man would think of investing money in such a quixotic experiment as that. No practical railroad man or man of business has endorsed such a course. Mr. Joy, Gen. Stark, Mr. Brooks all advise a very different method,—that of common sense and common prudence. Put the road in good running order, perhaps with a double track throughout, and then let your means of doing business increase as the business increases. As Gen. Stark says, lay out the ground-work, and make the improvements as the business warranted. (Eleventh Hearing, p. 12.)

Col. George expressed very happily the true policy: “Let me say another thing. No man was ever yet born full-grown; and no railroad was ever constructed in a day or a year. The law of growth is as inevitable when applied to railroads as when applied to mankind. You may build your road, but when you have built it you take the business that comes upon it and it gradually increases with the development.”

There is no accurate estimate of the amount necessary to be expended to put the line in reasonable condition and to equip it. Mr. Stearns has not made an estimate for improvements upon the road. His estimate for equipment is to bring the tunnel line to an equality with the Boston and Albany. He would use for terminal facilities, for improvements of the line, including the double track, some five and a half millions; for an equipment equal to Boston and Albany, some four or four and a half millions more. But one-quarter of that sum for equipment would give the consolidated road, with their present equipment, 100 locomotives, 100 passenger cars, 28 baggage cars, 2,000 eight-wheel merchandise cars,—making the whole amount of his estimate, including terminal facilities, six and a half millions. It is very apparent, that President Stearns, without, of course, meaning anything unfairly, has carried this matter to the extreme point. Mr. Robinson, on whose judgment I think the Committee have by this time learned to rely, thinks a million and a half would be sufficient for all purposes to begin with.

Another objection to our plan is the want of terminal facilities; that (as the case was stated) we have not got them, and cannot get them. This view was modified in the argument of the able counsel yesterday. After listening to Mr. Quincy's description of the magnificent harbor of Boston, with its wharfage-front of some fifty miles, it seemed hardly probable that no place could be found to dump a load of grain. If so, what a splendid place it would be for

the great emporium of the export grain trade! I should not fear, gentlemen, to leave the whole question on the testimony of Mr. Quincy, Professor Whiting and Mr. Wilder, at the eighteenth hearing.

The Boston and Lowell Railroad says it owns the lands and wharfage we want. They took the land under the right of eminent domain, because it was wanted for a public use. They took it for doing the terminal business for the Northern line from Boston to Ogdensburg. If wanted for that line, it will not be sufficient for the tunnel line also.

Judge Hoar.—Most of it was not taken under the right of eminent domain.

Judge Thomas.—As a lawyer, I say the principle is the same. The Lowell Railroad could not purchase it for anything but the uses of their railroad. They cannot speculate in land.

Judge Hoar.—The fact being that they bought it, and did not take it under eminent domain.

Judge Thomas.—A large portion was so taken, as I shall show you in a moment, but it matters not how.

The eminent counsel who closed the cause for the Lowell road, says the attempt to construct that Northern line is a hopeless failure. That is, I think, an overstrong statement; and I refer you on that matter to the argument of my friend Mr. Choate. But if it is a failure, the cause of the failure is perfectly manifest,—the want of that *effective consolidation* which we are seeking by this bill. That was the beginning, middle and end of the whole difficulty. Experience was said, by a profound thinker, to be like the stern light of a ship at sea,—it illumines only the path we have passed over. Otherwise, Gen. Stark must have seen that no consolidation was possible on the new line which does not seek to control the whole line, without break or seam.

My learned friend might also have seen, that his vast and expanded “root,” with so short a stump, was neither graceful nor useful.

We are not disposed to question the value of their terminal facilities, or their adaptation to our use. So far as that question is concerned, the union of the Boston and Lowell would be advantageous. The only point is, whether a question of public policy is to be settled upon such ground. If, as is made manifest by the Boston and Lowell, upon its own showing, admission and claim even, this land is not needed for its present business or for any business it has the prospect of doing, or the legal power to do, what then? Why, of course, if they do not need it, they will be happy to dispose of such part of it as is not necessary for their business.

But if they are not willing, what then? By the same right of

eminent domain by which they took the land,—it may be taken for a public use.

“The Boston and Lowell Railroad,” says Mr. George, “in anticipation of consolidation, and increase of business over its lines, came before the legislature (and I had the honor to make the argument in its behalf) suggesting that they would be glad of a special enactment to enable them to take land for the purposes of a passenger-station. The people came here who occupied that land; they showed that some thirty-five hundred people were in its occupancy, who would be turned out of doors. They claimed that we had, with our fifty-feet depot, all that would be necessary for that purpose. They laughed at the idea that a road twenty-six miles in length could not get along with a depot fifty feet wide and six hundred feet long.”

The Boston and Lowell Railroad can crowd out thirty-five hundred people from their homes to get land for their exigency, and where is the want of power in the Commonwealth, when that exigency has passed, to resume it?

The exact position the Boston and Lowell assumes is this: “We have got land and wharfage sufficient to do not only our own business, but all the business of the tunnel line, and you cannot so well get it elsewhere.” *We do not need to get it elsewhere.* There is not a legal, equitable or moral right of this corporation which would be impaired in the slightest degree by taking that land, under the right of eminent domain, if they do not need it for their use.

Judge Hoar.—Can you divide it?

Judge Thomas.—Yes, sir. The Commonwealth can take the land of every railroad in this city, as much of it as it wants, paying only just compensation. There is no limit, that I know of, to this right of eminent domain.

But there never would be any controversy about it. The learned counsel say the Boston and Lowell and Fitchburg will quarrel no more.

But if the Boston and Lowell would not accommodate us, we have, as is now substantially admitted, ample resources elsewhere, not quite so convenient, possibly, but very good. There are flats equally good lying by the side of the Lowell’s Mystic property for sale, and the right of access to them is secured. As our friend Mr. Quincy said some years ago, the jurisdiction over Boston *flats* is a very extensive one.

By means of the Union Freight Railway the tunnel-line freight can be carried, without change of cars, over the Atlantic Avenue, and unloaded upon the wharves that lie between the railroads entering the northern part of the city and the Old Colony and Boston and

Albany Railroads, some fifty of them. For five and a half years, Mr. Wilder tells us, the steamers of the Dominion line, including the Lord Clive, the largest steamer that comes to the harbor, came to Constitution Wharf, heavily loaded and without difficulty in coming in or going out. He also says that Constitution and Battery Wharves have capacity for four steamers to lie, loading and unloading, at the same time; that if you should take the two neighboring wharves ten steamers could load at the same time; that there is no difficulty in connecting these wharves with the railroads in the northern part of the city; and that there is space enough on Battery Wharf for an elevator of the capacity of a million and a half bushels.

So if the Boston and Albany, having purchased fifty acres of flats at South Boston, which they are now filling up, should remove their freight depots there, as is not improbable, and dispose of their property in East Boston, then, as the Grand Junction crosses the Fitchburg some four and a half miles from the East Boston wharves, this property would afford abundant room for the tunnel line at a future day.

But, not resting upon any uncertainty, there is Prof. Whiting of the Coast Survey, whose reputation you know, tells us, three-fourths of a mile of frontage at East Boston adjoining the Grand Junction wharves and which may be easily connected with the Grand Junction road. The filling of the flats would give hundreds of acres of land for the wharves, which could be bought and filled as cheaply at least as the dump-wharf of the Boston and Lowell; and which would be nearer the outlet of the harbor.

The Fitchburg Railroad Company now own and do not use three to four acres of wharfage in the best water in the Boston Harbor, with which their tracks are already connected, and on which, for a half million of dollars, an elevator of a million bushels capacity could be built, sufficient at least for the first few years of the tunnel business; and west of these and below all the bridges are five other wharves, of some fifteen acres, which could be had on reasonable terms as they may be wanted. These wharves of the Fitchburg Company may need extending, but this may be done inland, by excavation, and at comparatively moderate cost.

To those familiar with the shore of Boston Harbor, no argument on its capacities is necessary. We respectfully ask those of the Committee who are not acquainted with it to examine it for themselves; for seeing is believing.

Another objection made to our plan, and I think the one having perhaps the most force, is what is said to be the hardship of compelling the Fitchburg road, with an eight per cent. stock, to share

the risk of any experiment. Well, she is not *compelled* to come in ; and if the consolidation of the tunnel line is essential to the public interests, it must come in by the Fitchburg road, or by some other way. The Fitchburg road cannot complain that she has been misled. The tunnel and the tunnel line are children of its own loins. No change of policy is proposed by this bill. From the union of the Worcester and Western roads she must have looked for such a result. Indeed, her concurrence in and assent to this policy were of much earlier date.

If she comes in at her relative value she will have a dividend on seven millions instead of four. If the dividend is less per cent., the amount may be as large.

There is no reason to fear that dividends cannot be regularly paid, unless the extravagant outlay is made which her president and counsel suggest.

The local business will not be suspended ; it must be increased. If the through-line can earn five per cent. net, the Fitchburg stockholders will gain three-fourths per cent., and if the line is managed with prudence there can be no reasonable doubt of that. If she is to have the advantages of the consolidation there is no good reason why she should not put her shoulder to the wheel and share the burden.

It is difficult to understand, I may say, with great respect, the position of the Fitchburg Railroad Company. Is she represented in the eloquent speech of Mr. Derby, or by the eminent counsel of the Boston and Lowell road? Is she looking to Oswego, or to Ogdensburg, or to shelter only under the wing of the Boston and Lowell?

Judge Hoar.—Looking to both. She wants to start fair, and then go ahead.

Judge Thomas.—I have put three directions,—Oswego, Ogdensburg and the Boston and Lowell. Dr. Franklin spoke of the snake with two heads, who was looking from both. But it came across a twig which obstructed its passage, the heads bent on different courses.

She will not join, she says, with our weakness. She is attracted by the Lowell's strength. Well, I have a few figures here from a the report of the railroad commissioners, page 158.

The capital of the Vermont and Massachusetts is	\$2,860,000 00
of Troy and Boston,	1,600,000 00
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(Ninety-four miles),	\$4,460,000 00

Debt of the Vermont and Massachusetts,	\$968,899 00
of the Troy and Boston,	1,965,000 00
	<hr/>
	\$2,933,899 00

Boston and Lowell (26 miles) capital,	\$2,234,000 00
Boston and Lowell debt,	2,388,929 00

I do not mean that the Boston and Lowell is not more valuable in proportion to its length, but those figures do not show a great difference in strength for the Boston and Lowell.

I do not know how to meet another part of this case, and that is the appeal to the compassion of the Committee for the stockholders of the Fitchburg Railroad,—the widow and orphan owners of that line. I never know how to answer such an appeal. I am always touched by it, and I am always sensible there is nothing in it. Widowhood and orphanage would seem to be great calamities, but rhetoric owes them an immense debt. But I have one consolation, and that is, that the widows that my excellent friend, Mr. Crocker, visited in getting the subscriptions to this railroad, some thirty years ago, must either have rejoined their lords above or found new lords on earth.

An objection is made to the third section of the bill, that under it the tunnel line might be consolidated with the Boston and Albany Railroad. The section was inserted with no such view. It was taken bodily, I learn, from the Act uniting the Western and Worcester Railroads. The Committee will, of course, see, by an amendment, that no such union is possible.

The last objection to our plan is, that it does not go far enough. Where is far enough? We waited patiently for the delegation from Alaska to say what was far enough, and they did not come. These things are certain. It goes as far as the Commonwealth, in constructing the tunnel line, ever intended to go. It goes as far as the Boston and Albany, whose business has increased one hundred and seventy-two per cent. in five years, with a decreased price of thirty-four per cent., whose grain business advanced from 794,930 bushels, in 1868, to 6,915,895 bushels, an increase of 770 per cent., in four years. It connects itself with the great canal, with the New York Central, whose capacity will be increased threefold by its new freight tracks, and which Mr. Joy thinks will, in spite of all opposition, command the Western traffic.

The suggestion has been made, that some arrangement between the Boston and Albany and New York Central may deprive the new line of business. I have not seen in the course of this investigation

the slightest evidence of any such purpose on the part of either of those corporations. I believe the Boston and Albany is satisfied to-day that there will be business enough for both the Boston and Albany and the tunnel lines. The New York Central has no interest to do it, and, in the long run, in spite of all that is said about monopoly, trade and business have their natural laws and natural channels and they will find their way into and work through those channels. If there is a demand for grain in New England, and if it can be well exported, it will come.

A word, before I close, upon the bill for the consolidation of the Boston and Lowell and Fitchburg Railroads.

The objections to the bill, as it stands, are very obvious :—

1. The *time* that everything is suspended, six years for the union with the Fitchburg, ten years for the purchase or lease of any railroads to Troy.

2. The grant of almost unlimited power, without any corresponding duty.

3. The right and power to purchase, without any obligation to purchase.

4. The power to consolidate and control two *competing* lines.

With the amendment proposed by the learned counsel yesterday, most of the objections remain.

5. The bill, as amended, makes no consolidation with the Boston and Troy.

Judge Hoar.—You understand that we offer to put in such a section as soon as the Committee will tell us what they will do with the tunnel. If they will adopt your plan and give you the tunnel, we will then have a similar section for the Troy and Boston.

Judge Thomas.—That will remedy the difficulty, perhaps.

6. The bill makes no provision for the purchase or use of the tunnel as part of the consolidated line. There can be no consolidated line without both the Troy and Boston and the tunnel road.

This bill has been advocated upon two grounds. The first is, the furnishing of terminal facilities for the tunnel line, and there is foundation and sense in that claim. I have discussed it sufficiently, and have no occasion to consider it further. The second, and the most important, upon which the case was introduced, was the disentanglement of the crossings. This is a thing which, upon the evidence, ought to be done, but which has nothing to do with the settlement of the policy as to the tunnel line.

My learned friend suggested that when this matter was opened to the Committee I said, “with something like a sneer,” that the Commonwealth would know how to remedy that difficulty. I do not think I should have done anything so foreign to the habit of my friend as to

sneer. I did not intend to ; I did intend to express a just indignation at the position taken by these roads before this Committee. I did mean to say that when the Boston and Lowell Railroad and the Fitchburg Railroad come before you, and tell you that there has existed for years a crossing which is perilous to human life every hour of the day, and that they can remove that difficulty by the interchange of the passenger stations of the Eastern and Fitchburg roads,—that this difficulty had existed for years, and they had slept over it,—I did mean to say that they did not put themselves into a very creditable position as to these crossings, and I did mean to say that there was power in the Commonwealth, by the strength of its right arm, to remove the peril and protect the lives of its people.

Judge Hoar.—The Boston and Lowell Railroad have nothing to do with it : their trains do not cross.

Judge Thomas.—Well, the Fitchburg, then.

Judge Hoar.—The Fitchburg alone. We want authority to do just that thing.

Judge Thomas.—If the statement of the witness be true, all that is requisite for this purpose is, a change of the Fitchburg and the Eastern. It was stated in the introduction of this case,—and great capital was made out of it, or attempted to be made out of it,—that a plan was reported by the harbor and railroad commissioners to relieve the difficulty, which called for an expenditure of six to eight millions. That was a mistake. The report of the commission did not concern, simply or principally, the disentanglement of the crossings. Let me state to you what that plan included. It included a large new passenger station for the Fitchburg on the west side of the Lowell ; the taking of the whole block between Canal and Friend Streets for a new depot on the second story for the Boston and Maine Railroad ; rebuilding the Maine depot for a passenger station for the Eastern on the second story, both the Maine and Eastern being carried over Causeway Street and Travers Street ; the removal of the pile bridges across the river, and building in place of them iron bridges on stone piers, with turn-table draws, giving two passage-ways for vessels through each bridge ; the raising of the passenger tracks of the Maine and Eastern from Somerville in, so that their passenger trains should be carried over the freight trains of the Fitchburg ; additions to, and alterations of, the wharf accommodations of the several roads, connected with this plan ; also, building a new bridge in place of Craigie's, and a new one to Charlestown in place of the present, both to have turn-table draws, and double passage-ways for vessels ; the reconstruction of a very considerable part of the material universe, and provisions for the next forty generations of men.

As I said, Mr. Chairman, upon the evidence before the Committee, the difficulty will be solved by letting the Fitchburg road change passenger stations with the Eastern. The station-grounds of the Boston and Lowell and of the Eastern together, will furnish ample accommodations for the Fitchburg, and Boston and Lowell roads. Damon and Pythias can get along well together. If the consolidated line comes in by a new road it may be required to come in west of the Boston and Lowell. Take something like the thirteenth section of the Boston and Lowell bill, and make it compulsory, and the work will be accomplished. I hope it will be made compulsory.

In conclusion, Mr. Chairman and gentlemen, nothing in this investigation has shaken the faith and confidence of the petitioners in the policy of their bill. They ask for the consolidation of the roads from Boston to Troy, without a break in the line. They believe it is for their interest and for the public interest. But they have valuable property and interests at stake, and they await with confidence your action. They do not believe in the state assumption and running of railroads; but if the Commonwealth wants their property they know the Commonwealth will give them fair and just compensation, and they would rather you would take it, than suffer the evils and losses of delay. They believe that their plan of consolidation is what the people of the Commonwealth desire. They find that view reflected in the excellent address of the governor; they find it reflected in the petition of the citizens on the line, and of over twenty-one hundred business-houses of Boston. But, after all, I do not appeal to those. I appeal to you. The sentiment of the people of the Commonwealth is represented by its legislature. The public opinion of the Commonwealth is that which its legislature embodies in its laws. The result of your careful consideration and reflection, with your sense of justice, expressed in the statutes, is the public opinion of this Commonwealth for which I entertain respect. That is public opinion. There is another thing that we call "popular opinion,"—exhaling from caucuses,—as unstable as water, fickle as the wind, shallow as the summer's brook,—which more than all other things else, dwarfs and shrivels the heads and hearts of so many of the public men of to-day. I have all the respect for that popular opinion which it deserves.

Mr. Bates.—Judge Hoar read yesterday a circular which he said had been sent to a great many of the postmasters of the State, and which seemed to him to have emanated from the Troy and Boston or Vermont and Massachusetts Railroad. I want to say to the Committee, that whether that was a smart thing or not to be done, it was not done by either of us, and that no one connected with

either of those corporations ever saw that paper or ever heard of it, or ever sent it to anybody. It may have been done by our friends of the Fitchburg Railroad; it certainly was not done by either of the parties who ask for this consolidation.

Judge Hoar.—I said I did not think the counsel could have sent it, because it contained an intimation that we ought not to be heard.

The Chairman then announced the hearing was closed.



